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ABSTRACT

A study was done of State University of New York (SUNY) revenue sources and operating costs for fiscal year 1988-89 in comparison to "peer" public university systems in 17 other states. In particular the study focused on SUNY cost effectiveness, tuition and fee schedules, the proportion of costs offset by tuition and fees and the proportion of costs offset by state tax revenues. The study excluded all operating costs at SUNY and the peer systems which were self-sustaining as well as all expenditures made with Federal and private research funds. Conclusions were that SUNY could be more cost-effective as the system: (1) spent more per student than other states, (2) had comparatively high institutional support costs, (3) paid its faculty more than peer systems, (4) had significantly lower tuition and fee charges, and consequently, (5) the proportion of costs offset by tuition and fees was much smaller than at peer systems. In addition the study found that 88 percent of the educational and general costs of the SUNY schools were offset by state tax revenue while only 63 percent of these costs at comparable institutions in peer state were offset by state tax revenue. Many figures and tables illustrate the report. An appendix contains comments of SUNY officials who disagreed with the study's methodologies and conclusions. (JB)

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State of New York
Office of the State Comptroller
Division of Management Audit

STATE UNIVERSITY OF NEW YORK

STAFF STUDY COMPARING SUNY FINANCES WITH SIMILAR STATE UNIVERSITIES

REPORT 91-S-31

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State of New York
Office of the State Comptroller

Division Of Management Audit

Report 91-S-31

The Honorable D. Bruce Johnstone
Chancellor
State University of New York
State University Plaza
Albany, New York 12246

Dear Chancellor Johnstone:

The following is our staff study comparing State University of New York finances with similar state universities.

This staff study was performed pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law.

Office of the State Comptroller
Division of Management Audit

April 3, 1991

Executive Summary

Staff Study Comparing SUNY Finances with Similar State Universities

Background and Objectives of Study

The State University of New York (SUNY) employs about 36,000 people and operates 34 campuses, which are attended by about 160,000 full-time equivalent students. During the 1990-91 fiscal year, SUNY's operating budget totaled $2.6 billion, of which more than $1 billion was provided through State taxes. The balance was funded through revenue-generating campus activities such as dormitories, Federal and private grants and contributions, and tuition and fees charged to students.

We analyzed certain revenue sources and operating costs for fiscal year 1988-89 (i.e., the latest national data available) at SUNY and at comparable or "peer" public university systems in 17 other states (see p 2) in order to provide answers to the following questions:

- How cost-effective is SUNY when compared to the public university systems in the peer states?
- How do the tuition and fees charged by SUNY compare to the charges in the peer states?
- How does the proportion of costs offset by tuition and fees at SUNY compare to the proportion that is offset in the peer states?
- How does the proportion of costs offset by state tax revenues at SUNY compare to the proportion that is offset in the peer states?

In our comparison of operating costs at SUNY and in the peer states, we excluded all expenditures for activities that are supposed to be self-sustaining (such as dormitories) as well as all expenditures made with Federal and private research funds. The remaining educational and general costs totaled $1.7 billion at SUNY during the 1988-89 fiscal year.

Observations and Conclusions of Study

We believe SUNY could be more cost-effective and policymakers should seriously consider the questions set forth in this report to achieve that cost effectiveness. We determined the potential exists through decreased expenditures and increased tuition revenue to enhance SUNY's financial position.

SUNY generally spent more per student than the peer states on educational and general costs. We estimated that, if SUNY's spending had been comparable to the median spending in the peer states, SUNY would have spent about $98 million less than it did during the 1988-89 fiscal year. (see pp 8-13)

We identified several reasons for SUNY's higher costs. For example, SUNY's costs for institutional support activities were comparatively high, accounting for $62 million of the $98 million in higher costs. Also, faculty tended to be paid more at SUNY than in the peer states. In addition, costs per student were unusually high at four SUNY campuses, due to such reasons as low student enrollment and high New York City facility rent. Significant long-term savings could be realized if the operations at these four campuses were relocated or consolidated elsewhere. (see pp 14-25)

We also noted the tuition and fees charged by SUNY were significantly lower than like charges in most of the peer states. This discrepancy was due in part to the fact that SUNY's basic tuition charge remained unchanged from 1983-84 through 1989-90. In addition, unlike some of the peer states, SUNY does not charge different rates of tuition for different types of schools (i.e., university centers, 4 year colleges or 2 year colleges), even though some types of schools are more costly to operate. We estimated that, if SUNY's tuition and fees had been comparable to the median tuition and fees in the peer states, SUNY revenues would have been more than $65 million higher during the 1989-90 academic year. (see pp 27-33)

Because SUNY's tuition and fees were relatively low while its costs were relatively high, a much smaller proportion of costs was offset by tuition and fees at SUNY than at the public institutions in the peer states. We suggest that SUNY policy makers consider making tuition rates a percentage of operating costs, as is done in some of the peer states. (see pp 34-38)

About 88 percent of the educational and general costs at the SUNY schools included in our comparison were offset by state tax revenue, while only 63 percent of these costs at comparable public institutions in the peer states were offset by state tax revenue. We question whether such a large discrepancy represents an appropriate burden on the taxpayers of New York. (see pp 39-40)

Comments Of SUNY Officials

SUNY officials disagree with most of the study methodologies and conclusions. Their detailed response and our notes of clarification are included as Appendix A of this report. We are disappointed with SUNY's response which appears to be an attempt to obscure rather than address the issues raised in our study.

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Comments of State University of New York Officials

Introduction

Background

States spend a significant amount of money to fund the expenses of higher education. For example, during a recent fiscal year, $34 billion was appropriated by the 50 state legislatures to fund the operating expenses of higher education. Given the magnitude of this investment, elected officials and taxpayers have increasingly questioned whether the resources allocated to higher education are being used in the most efficient and effective manner.

The State University of New York (SUNY) was created in 1948, mainly from a collection of pre-existing State teachers colleges and technical schools. Today, it is one of the largest systems of public higher education in the nation, with 34 campuses (29 state operated and 5 operated by private institutions under contract with the State). These 34 campuses provide instruction in 4,399 academic programs leading to 89 different kinds of degree or certificate awards, ranging from undergraduate certificates and associate degrees through doctoral and professional degrees. SUNY's combined mission of teaching, public service and research is carried out through a system which includes:

- Eight campuses, including four university centers, which offer a full range of academic programs through the doctoral level and provide the foundation for SUNY's research activities.
- Fourteen colleges which provide primarily undergraduate education.
- Seven colleges of agriculture and technology which are primarily two-year schools.
- Five statutory and contract colleges at Cornell and Alfred Universities which offer programs in selected specialties.

About 160,000 full-time equivalent (FTE) students will be enrolled at SUNY during the 1990-91 academic year. These students are charged tuition to attend SUNY campuses. About $300 million in tuition is collected annually. SUNY has about 36,000 employees and an operating budget of $2.6 billion (excluding capital appropriations of $213 million) for the 1990-91 fiscal year. In addition to the 34 campuses, SUNY includes a Central Administration, which carries out university-wide academic, fiscal, personnel and facility policies. Central Administration has about 257 employees and a budget of $15.3 million for the 1990-91 fiscal year. SUNY operations are directed by a Chancellor, who is appointed by and reports to a Board of Trustees.

Scope, Objectives and Methodology of Study

We compared certain operating costs at SUNY to the same operating costs at similar public universities in 17 other states. We also reviewed how the cost burden is distributed between tax and tuition payers in New York and the other states. The period covered by our comparisons was the 1988-89 fiscal year for expenditure and revenue collection data and the 1989-90 academic year for faculty compensation levels and tuition rates. These dates were chosen because the latest national data available to us at the time of our study covered this timeframe.

Our objective in making these comparisons was to address the following questions:

- How cost-effective are SUNY campus operations compared to the operations of similar public institutions in other states?
- Where significant cost variations are found, what types of costs or cost components cause SUNY institutions to be more costly than other similar public institutions?
- How do the tuition and required fees charged by SUNY compare to those charged by other similar public institutions?
- How does the proportion of educational costs offset by tuition and fee revenues compare at SUNY and at the other public institutions?
- How does the proportion of educational costs offset by state tax revenues compare at SUNY and at the other public institutions?

In addition, we compared costs among SUNY institutions to identify where the costs were unusually high or low and reviewed SUNY's future plans and projections relating to student enrollment, educational mission and initiatives which will have a significant effect on SUNY's future cost of operations.

To accomplish our objectives, we obtained pertinent fiscal and enrollment data from 263 public institutions in 17 states which, according to SUNY officials, are the homes of public institutions that are very similar to (or "peers" of) SUNY's constituent campuses. The 17 states are California, Florida, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, North Carolina, Ohio, Pennsylvania, Texas, Virginia, Washington, and Wisconsin. We requested the public post-secondary systems (or institutions, as appropriate) in the peer states to provide us with revenue, expenditure, tuition, and enrollment data through survey questionnaires. In addition, we relied upon certain records maintained by SUNY as well as information published by the U.S. Department of Education's National Center for Educational Statistics (NCES); the American Association of University Professors; Higher Education Publications, Inc. (a private clearinghouse for information related to higher education); and other entities involved with post-secondary education. To ensure that our comparisons were proper, we only made

comparisons among institutions that shared the same category in the NCES classification system. The applicable categories of this system follow:

NCES Category	SUNY Campuses in Category
Doctoral level institutions without medical schools	Albany and Binghamton University Centers
Doctoral institutions with a medical school, but no hospital	Buffalo University Center
Doctoral institutions with a medical school and a hospital	Stony Brook University Center
Institutions that engage in health science education and confer medical degrees	The Health Science Center at Syracuse and the Health Science Center at Brooklyn
Institutions with post-graduate programs, but little or no doctoral level programs	Brockport College Buffalo College Cortland College Fredonia College Geneseo College New Paltz College Oneonta College Oswego College Plattsburgh College Potsdam College College of Environmental Science and Forestry College of Technology at Utica/Rome
Institutions limited primarily to baccalaureate instruction	Empire State College Old Westbury College Purchase College
Multi-program two-year institutions	Agricultural and Technical Colleges at: Alfred, Canton, Cobleskill, Delhi, Farmingdale and Morrisville

(Note: SUNY's seven remaining campuses [the School of Optometry, Maritime College and the five statutory colleges of Cornell and Alfred] are not included in the NCES categories we have listed, and are not included in our comparisons with institutions in the peer states. However, we have included Optometry and Maritime in our comparison of costs among SUNY institutions.)

Our study makes comparisons among SUNY campuses and the peer institutions in the 17 other states using data provided in response to our ques-

tionnaires, follow-up telephone conversations, and publications from the sources previously indicated. We did not audit the data we received, nor did we review the quality of the educational programs offered by any of the institutions included in the study. However, there were no indications that any of the institutions included in this study offered programs which were educationally unsound. In addition, the 30 community colleges in New York State, which are affiliated with SUNY, but operated by local jurisdictions, were not included in the scope of this study.

This study report is not intended to provide specific answers to the fiscal problems faced by SUNY and State policymakers. Rather, it is intended to help focus attention on a major area of State spending and to provide useful comparative data for further analysis and consideration in crafting future State higher education policy. This study also raises several questions which we believe need to be addressed by State policymakers.

Response of SUNY Officials to Our Study

A draft of this report was provided to SUNY officials for their review and comment. Their comments were considered in preparing this study report and are included as Appendix A.

Maintaining SUNY Has Become a Costly Commitment for State Taxpayers

Since its inception in 1948, SUNY has experienced a dramatic increase in its number of campuses, facilities, students and staff. Most of this growth took place prior to 1976. From 1976 through 1984, SUNY experienced decreases in total staff (about 3,600 positions) and students due primarily to the State's fiscal problems during that period. From 1985 through 1989, SUNY experienced a period of stable budget support and regained nearly 500 staff positions, which generally were allocated to the four university centers to support special programs such as graduate research initiatives.

In Fall 1989, SUNY published a report entitled A Preferable Future for SUNY and the State, which resulted from a planning effort called "SUNY 2000" initiated by SUNY's Chancellor. The report addressed SUNY's mission and projected enrollment, and estimated the operating and capital resources which SUNY believes will be necessary to provide a quality education to students through 1994. Although SUNY projects its total FTE enrollment to drop slightly to about 158,000 for the 1993-94 academic year, SUNY states that an FTE enrollment of about 168,000 students (about 8,000 more than the current enrollment) is also possible at that time. Accordingly, SUNY believes it may continue to maintain its enrollment despite a significant decline in the number of high school graduates in New York State during the 1990s. The report also indicates that SUNY will undertake a major reexamination of the mission of each of its State-operated units. One of the goals of the reexamination is to enable SUNY "to provide the broadest possible array of high-quality programs to meet the needs of New York at the lowest effective cost."

SUNY's operating and capital costs are funded from five main sources: State taxes, State borrowing, tuition and fees charged to students, Federal and private grants and contributions, and revenue-generating campus activities such as dormitories and hospitals. The share of these costs that is funded by the taxpayers (through State taxes and State borrowing) has become increasingly large. For example, during the 1989-90 and 1990-91 fiscal years, more than $1 billion per year in State tax dollars will have been used to finance SUNY's operating costs.

Even though SUNY's enrollment is not expected to increase dramatically during the early 1990s, SUNY officials anticipate that their capital expenditures will have to increase considerably. About 76 percent of SUNY's 2,300 facilities (with a replacement value of $7.3 billion) were built during the 1960s and 1970s. Heavy and sustained use of these facilities has required funding for normal maintenance to increase rapidly. Moreover,

many of the facilities' mechanical and utility systems are nearing the end of their life cycles. In addition, SUNY is moving forward on plans for approximately 50 new facilities or major rehabilitation projects.

As a result, SUNY officials have identified nearly $1.2 billion in capital expenditure requirements for the four fiscal years ended March 31, 1994, an average of about $300 million a year (or 50 percent more than was planned for the 1989-90 fiscal year). About half the revenue for these projects will be obtained from State taxes, while the balance will be obtained through the issuance of bonds. Such bonds could add billions of dollars to the State's aggregate debt service obligations for SUNY. As of July 31, 1990, the State's aggregate debt service obligations for SUNY's academic buildings and hospitals amounted to $5.4 billion, with annual debt service requirements ranging from $104 million to $237 million through the year 2017; with a final payment of $4 million in the year 2019.

...It is unlikely that State funding of SUNY operations can keep up with rising costs.

In light of the overall revenue shortfall experienced by New York State during the 1990-91 fiscal year, and the revenue shortfall projected for the 1991-92 fiscal year, without change it is unlikely that State funding of SUNY operations can keep up with rising costs. Unless SUNY raises its tuition, reduces its costs or effects a combination of both, the State will have to find other means to maintain current operating levels for the SUNY system and to engage in its proposed capital improvement program. This could include such approaches as increased borrowing and increased taxation. We question whether the prospect of borrowing or increasing state taxes is in the best interests of New York State and its taxpayers, given the already burdensome debt carried by the state and the high level of support already provided the SUNY system.

Subsequent to our field work, SUNY's tuition was modestly raised and the Chancellor has indicated another raise of tuition is under consideration. While we believe the first tuition increase represents a step in the right direction, we doubt that it will be enough by itself to adequately address the concerns that are raised in our study about the level of SUNY's costs and tuition.

SUNY's Costs Are Typically Higher Than Costs in Other States

Our study of costs at SUNY and at its peer institutions excluded the following types of expenditures: expenditures for capital purposes such as plant additions and rehabilitation because our study focused on operating costs; expenditures for activities that are supposed to be self-sustaining such as dormitory and food service operations because they should not have to be funded by tuition and state taxes; and expenditures from Federal and private grants and contracts so that the institutions whose programs were enhanced by these funds would not appear to be less cost-effective in our analysis.

The remaining educational and general costs covered expenditures for instruction, academic support (e.g., library services), student services, institutional support, operation and maintenance of plant, certain scholarships and fellowships, and public service activities. During the 1988-89 fiscal year, these categories of SUNY's costs totaled about $1.7 billion.

Using NCES data, we analyzed the educational and general costs per FTE student at SUNY campuses and at comparable public institutions in the peer states for the 1988-89 fiscal year. To ensure consistency, we calculated the FTE student enrollment by adding one-third of each institution's part-time enrollment to its total full-time enrollment for the 1988-89 fiscal year. We also analyzed some of the individual educational and general costs at the different campuses, such as the costs for institutional support services and faculty compensation (which is part of the total cost of instruction). In addition, separately from our overall analysis, we examined hospital operations at campuses that maintain a hospital as part of their health sciences program. While such operations are supposed to be self-sustaining, SUNY's hospitals have consistently incurred considerable operating deficits. We therefore believed a comparison with other university hospitals would be appropriate.

...SUNY has considerable opportunity to reduce overall costs and make certain operations much more efficient.

The results of our analysis indicated that, while SUNY is not the most expensive system when compared with its peers, neither is it the most cost-effective system. The costs per FTE student at SUNY institutions (or groups of similar institutions) generally were consistent with or exceeded the median costs in the peer states. For some types of institutions, SUNY campuses were among the most expensive in the nation. In addition, by comparing costs within the SUNY system, we identified four costly campuses whose operations need to be thoroughly reassessed. We conclude that SUNY has considerable opportunity to reduce overall costs and make certain operations much more efficient. We are particularly concerned with the extraordinarily high cost of support services at many SUNY campuses.

Comparing the Costs at SUNY Institutions With the Costs at Similar Public Institutions in Other States

Some SUNY Institutions Are More Costly Than Comparable Institutions in Other States

On the basis of the NCES data, we computed the educational and general costs per FTE student for the 1988-89 fiscal year for the institutions included in our study. This process yielded an overall cost per FTE student for 27 SUNY institutions and 263 peer institutions in other states. We then grouped the institutions by NCES category for each state and compared the costs at SUNY to the costs at the other states for each category.

In general, we found that the costs in each category varied widely. The SUNY institutions were neither the most costly nor the least costly institutions in any of the categories. However, as indicated by the following table, the cost per FTE student for the SUNY institutions in each category generally exceeded the median cost per FTE student in the other states, sometimes by a considerable margin.

(Note: We used the median [midpoint of a data set] as opposed to the arithmetic average because the median tends to preclude skewed results from small data sets that contain 1 or 2 extreme values. Furthermore, in data sets where there are no extreme values, the median and average values would tend to be very close.)

Educational and General Costs
Per FTE Student

Type of School	SUNY Schools of this Type	Average SUNY Cost	Cost at Median Peer State	Difference	Percent SUNY Cost Exceeds (Less Than) Peer Cost
Doctoral,No Medical School	Albany Binghamton	$ 8,506	$ 8,970	$ (464)	(5.2%)
Doctoral,Medical School,No Hospital	Buffalo	11,667	11,120	547	4.9
Doctoral,Medical School,Hospital	Stony Brook	15,596	13,076	2,520	19.3
Health Science	Syracuse Brooklyn	44,461	72,016	(27,555)	(38.3)
Four-Years, With Masters	12 Colleges	6,578	6,381	197	3.1
Four-Years, No Masters	3 Colleges	7,951	6,360	1,591	25.0
Two-Years	6 Agriculture and Technical Colleges	6,403	4,640	1,763	38.0

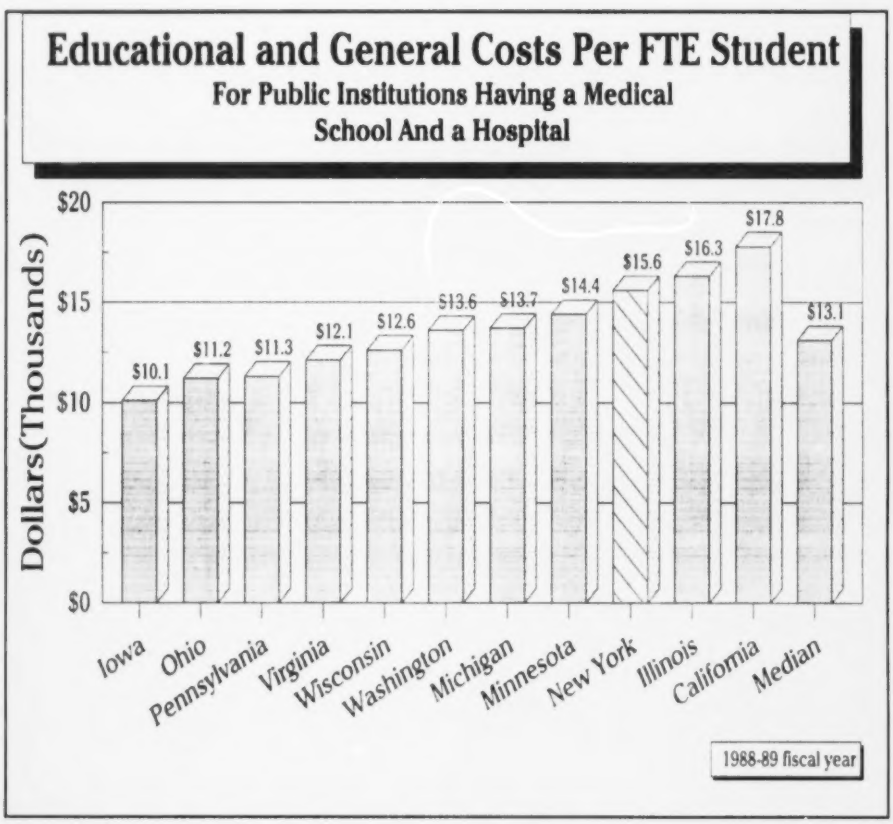
1988-89 fiscal year

It should be noted that the health science category may not be as comparable as the other categories. The health science centers provided programs in a wide variety of medical specialties to a mix of undergraduate and graduate students, and the cost per FTE student at these centers ranged from $28,062 to $186,039.

...SUNY would have spent about $98 million less than it did during the 1988-89 fiscal year...

We determined that, excluding the health science centers, SUNY would have spent about $98 million less than it did during the 1988-89 fiscal year if the educational and general costs of its campuses were held to the median educational and general costs of the peer states.

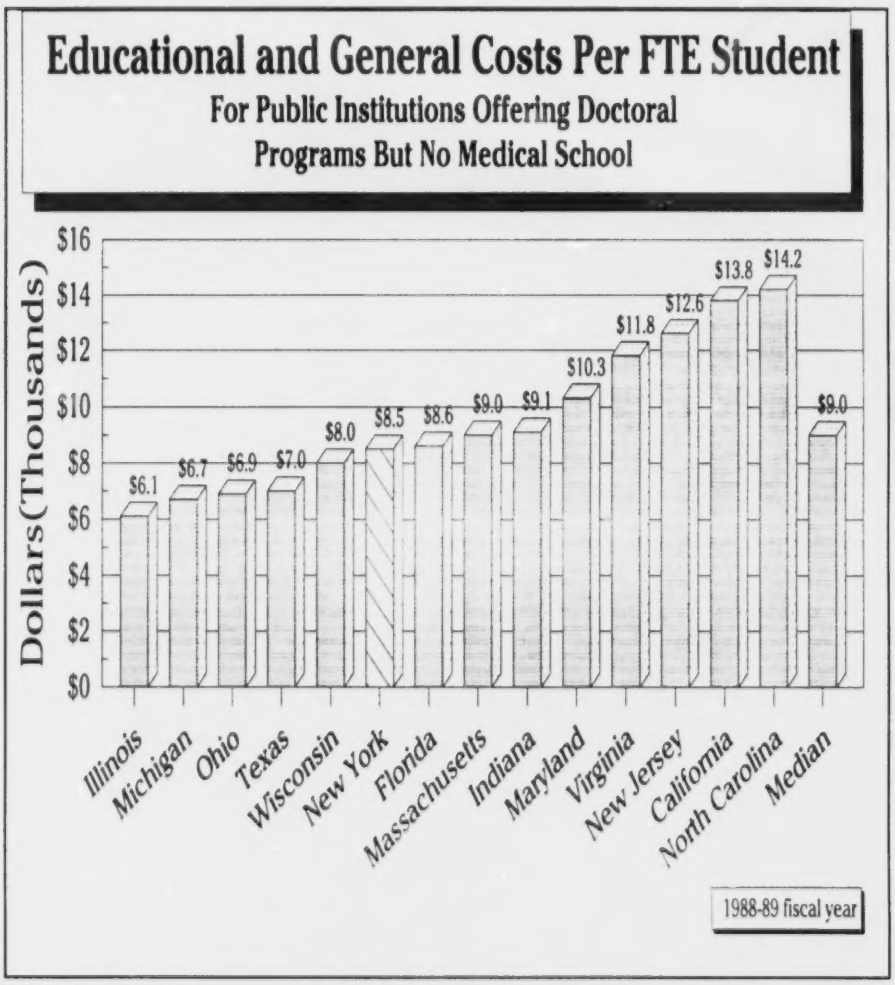
For example, during the 1988-89 fiscal year, the median educational and general cost per FTE student for the other ten states in our study having public institutions with a medical school and a hospital was $13,076. However, the cost for SUNY's institution in this category (Stony Brook University Center) was $15,596. As shown by the following graph, SUNY's cost was higher than the costs incurred by all but two of the ten other states:



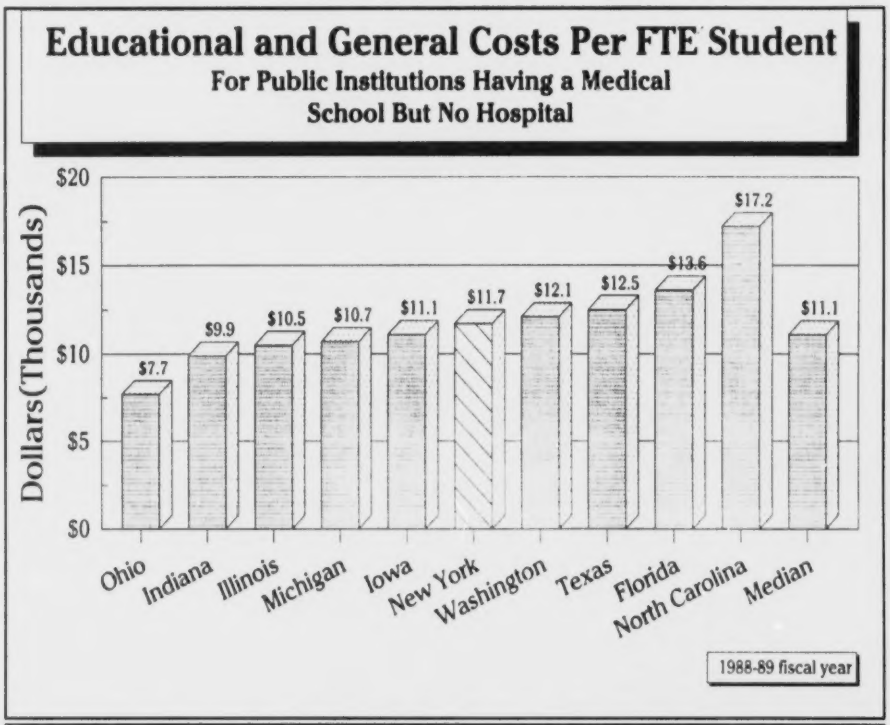
(Note: In this graph and all other graphs, SUNY is not included in the determination of the median.)

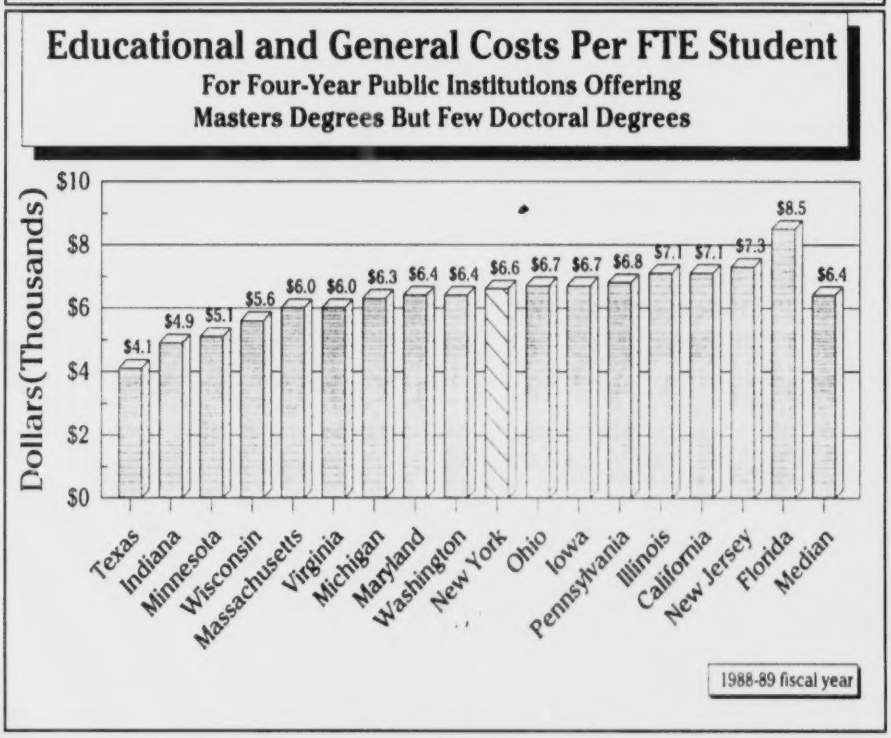
If the cost at Stony Brook was the same as the median cost of the peer states, SUNY would have spent $35.2 million less than it did during the 1988-89 fiscal year. It should be pointed out that the two states with the lowest costs (Iowa and Ohio) include institutions that belong to the Association of American Universities, a prestigious association of the most highly regarded post-secondary institutions in the United States and Canada. It appears to us that a quality college education can be provided at this type of institution with greater cost-effectiveness than is demonstrated at Stony Brook.

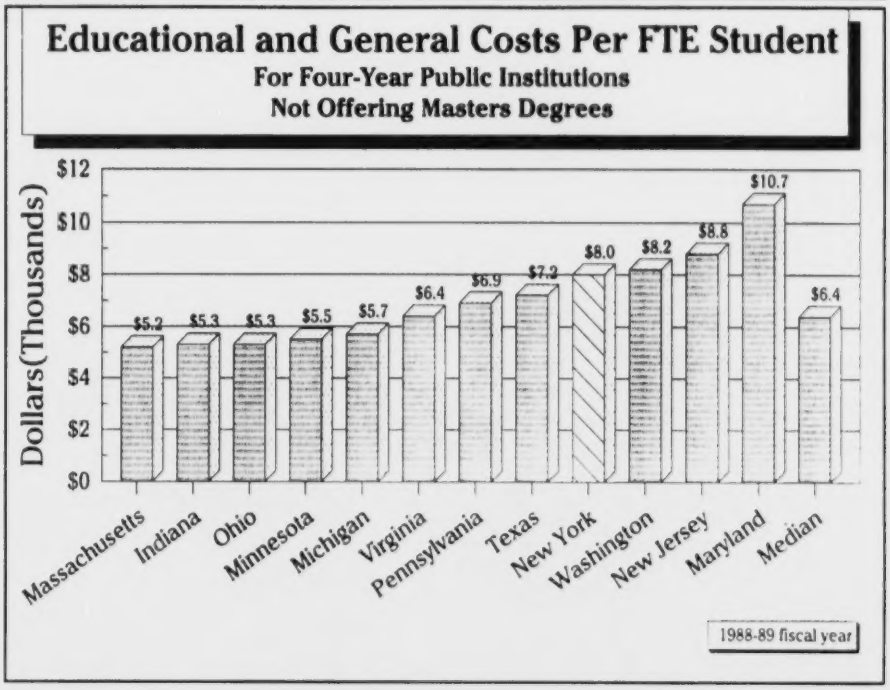
We also believe SUNY's cost-effectiveness may be able to be improved at campuses where costs were less than the median cost of the peer states. For example, even though SUNY's costs at its two doctoral universities without a medical school (the Albany and Binghamton University Centers) were 5.2 percent less than the median cost of the other states with such an institution, the costs incurred by four states (Illinois, Michigan, Ohio and Texas) were significantly less than the costs incurred by SUNY, as indicated by the following graph:

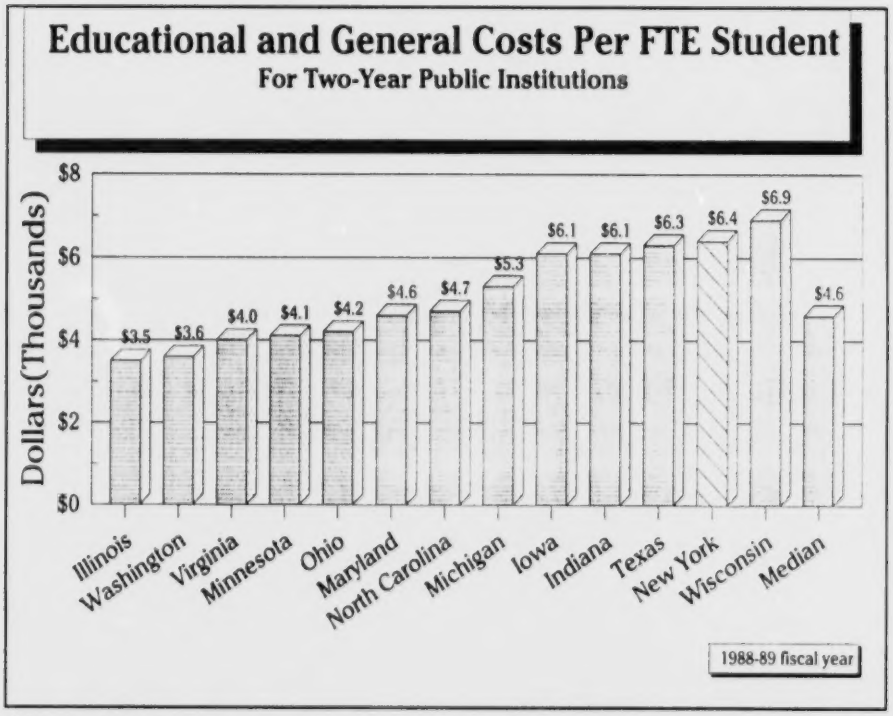


Following are graphs that show, by state, the 1988-89 educational and general costs per FTE student for public institutions in the remaining NCES categories, excluding the health science category.









(Note: Although some other states included what they considered to be community colleges in the two-year institution NCES category, the programs offered by these colleges had curriculums that were similar to SUNY's two-year agriculture and technical college curriculums.)

SUNY's Costs for Support Services Are Very High

Educational and general costs include costs for support services. Such services include executive direction, general administration, legal and fiscal operations, public relations and other general institutional support activities. During the 1988-89 fiscal year, SUNY expended about $273 million for institutional support services at both Central Office and the campuses.

On the basis of the NCES data, we identified the costs for support services at each of the institutions included in our study. We then compared the cost per FTE student at the SUNY institutions to the cost per FTE student at the peer institutions included in the same NCES category. As shown by the following table, SUNY's costs, **which do not include SUNY Central Administration costs**, were generally much higher:

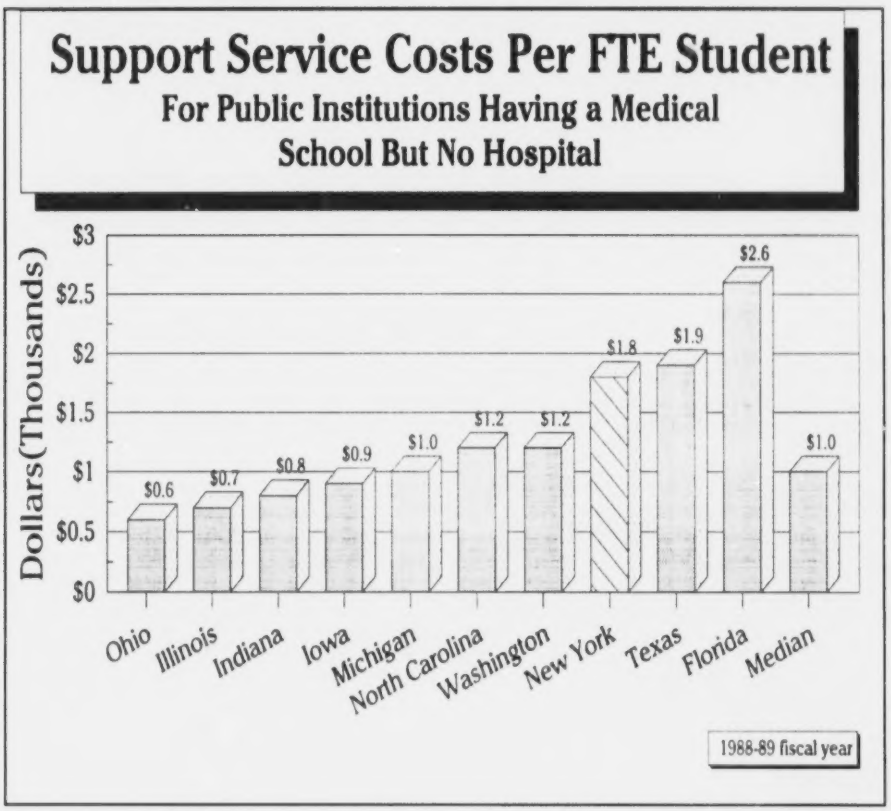
Support Service Costs
Per FTE Student

Type of School	SUNY Schools of this Type	SUNY Cost	Cost at Median Peer State	Difference	Percent SUNY Cost Exceeds (Less Than) Peer Cost
Doctoral,No Medical School	Albany Binghamton	$ 1,176	$ 1,075	$ 101	9.4%
Doctoral,Medical School,No Hospital	Buffalo	1,789	1,009	780	77.3
Doctoral,Medical School,Hospital	Stony Brook	2,084	1,257	827	65.8
Health Science	Syracuse Brooklyn	8,421	10,988	(2,567)	(23.4)
Four-Years, With Masters	12 Colleges	1,093	874	219	25.1
Four-Years, No Masters	3 Colleges	1,730	987	743	75.3
Two-Years	6 Agriculture and Technical Colleges	1,184	715	469	65.6

1988-89 fiscal year

We determined that, excluding the health science centers, SUNY would have spent nearly $62 million less than it did during the 1988-89 fiscal year if the support service costs at its campuses were the same as the median support service costs of the peer states. (This is not in addition to, but part of the $98 million in less spending previously discussed.)

For example, during the 1988-89 fiscal year, the median support service cost per FTE student for the nine other states in our study having public institutions with a medical school but no hospital was $1,009. However, the cost for SUNY's institution in this category (Buffalo University Center) was $1,789. As shown by the following graph, SUNY's cost was higher than the costs incurred by all but two of the nine other states:

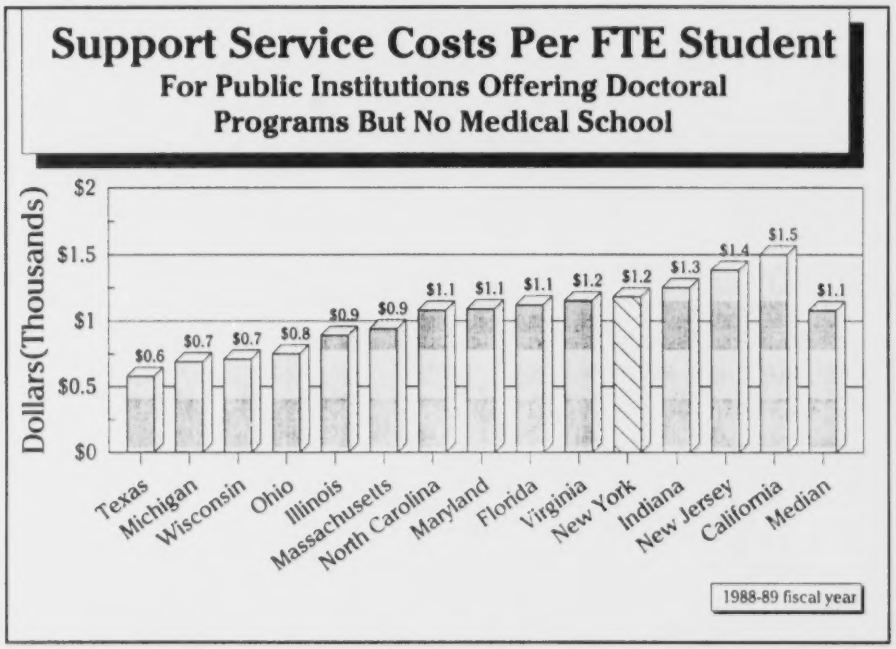


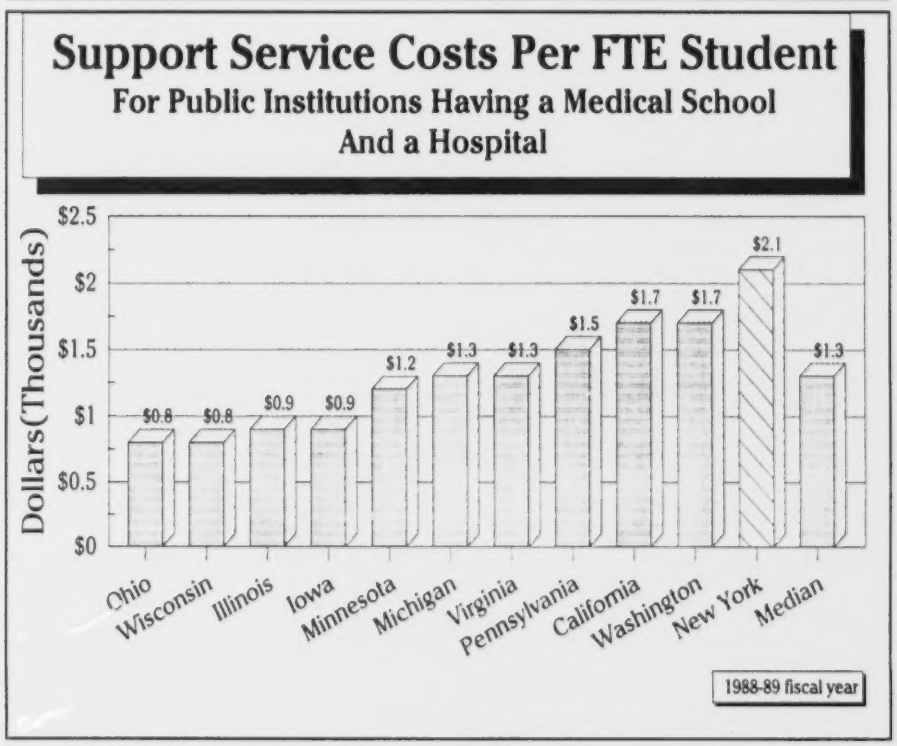
If the cost at Buffalo was the same as the median cost of the peer states, SUNY would have spent about $17.6 million less than it did during the 1988-89 fiscal year.

The cost of support services was also high at Albany University Center, where the overall educational and general costs were less than the median cost of the peer states. If the cost of support services at Albany was the same as the median cost of the peer states, SUNY would have spent about $3.4 million less than it did during the 1988-89 fiscal year.

We believe our analysis of SUNY's support service costs indicates that SUNY can either reduce its overall educational and general costs by

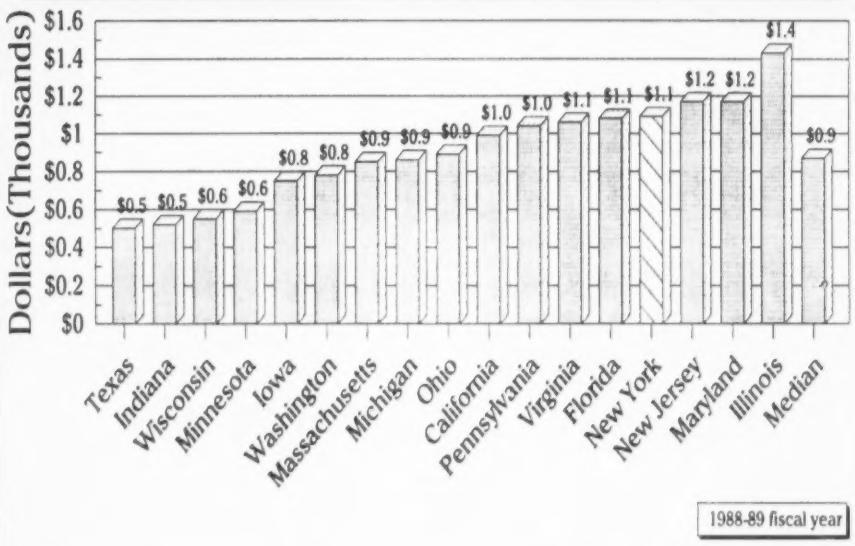
reducing its support service costs, or shift resources allocated to support services to activities that are more directly related to its mission, such as instruction. Following are graphs that show, by state, the 1988-89 support service costs per FTE student for public institutions in the remaining NCES categories, excluding the health science category.





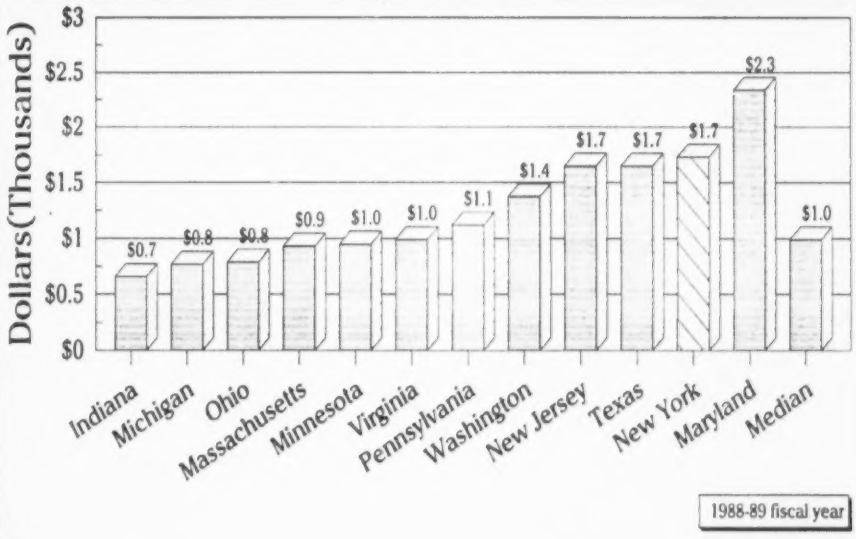
Support Service Costs Per FTE Student

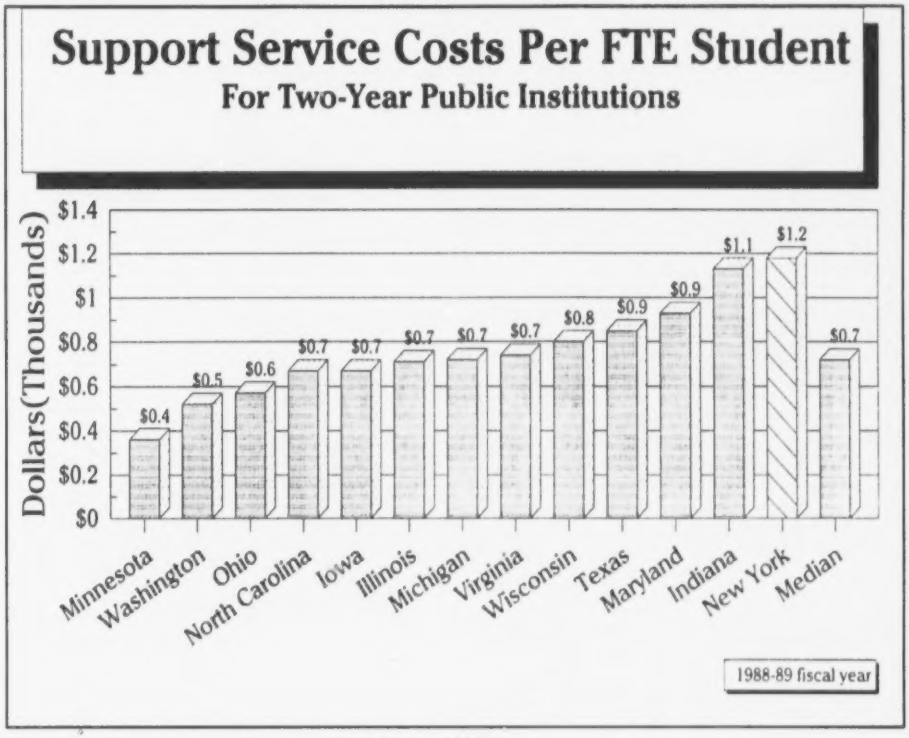
For Four-Year Public Institutions Offering Masters Degrees But Few Doctoral Degrees



Support Service Costs Per FTE Student

For Four-Year Public Institutions Not Offering Masters Degrees





Faculty Compensation at SUNY Is High

Educational and general costs also include faculty salaries and fringe benefits, which cost SUNY about $600 million a year. Using data compiled by the American Association of University Professors, we noted the average compensation (salary and fringe benefits) received by the faculty at each of the institutions included in our study during the 1989-90 academic year. We noted the average compensation for each of the three faculty ranks (professor, associate professor and assistant professor) at the institutions, as well as for all the ranks combined. We then compared the compensation levels at SUNY institutions to the compensation levels at the peer institutions included in the same NCES category. (Health science centers and two-year colleges were not included in the comparison.)

The high compensation rates for SUNY faculty contributed to SUNY's comparatively high educational and general costs.

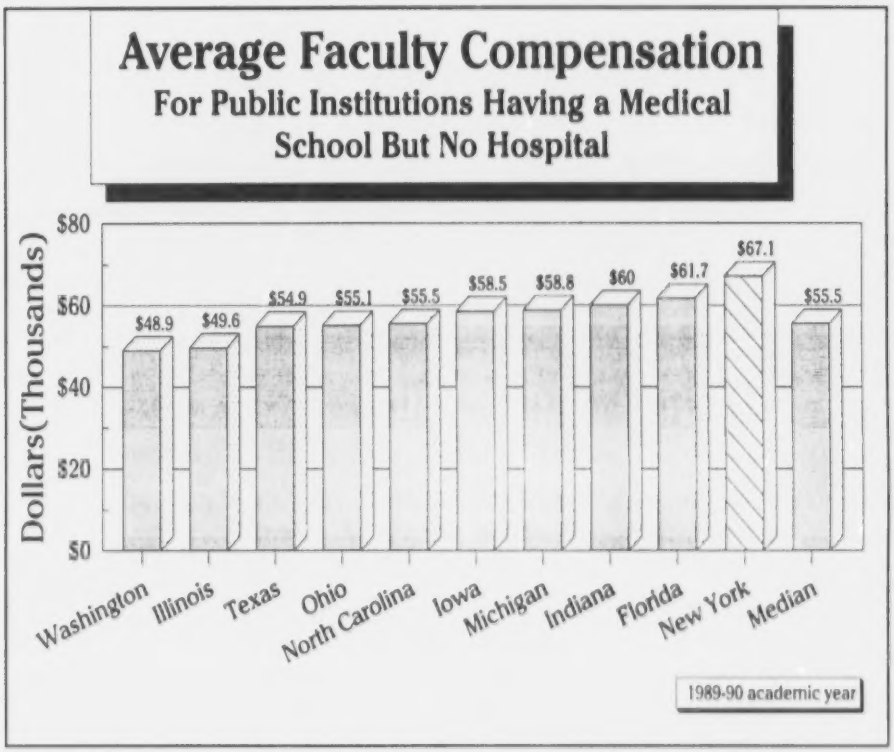
We found that SUNY faculty were among the most well compensated faculty in each category. The high compensation rates for SUNY faculty contributed to SUNY's comparatively high educational and general costs. The following table summarizes the results of our comparison:

Average Faculty Compensation by Rank

Type of School	SUNY Schools of this Type	Faculty Rank	Average SUNY Compensation	Median Peer State Average Compensation	Difference	Percent SUNY Exceeds Peers
Doctoral,No Medical School	Albany	Professor	$ 82,600	$ 69,200	$ 13,400	19.4%
	Binghamton	Assoc. Prof.	61,600	52,100	9,500	18.2
		Asstnt. Prof.	48,000	44,900	3,100	6.9
		All Ranks	65,000	54,800	10,200	18.6
Doctoral,Medical School,No Hospital	Buffalo	Professor	86,400	71,300	15,100	21.2
		Assoc. Prof.	64,000	53,400	10,600	19.9
		Asstnt. Prof.	47,700	44,500	3,200	7.2
		All Ranks	67,100	55,500	11,600	20.9
Doctoral,Medical School,Hospital	Stony Brook	Professor	86,600	74,000	12,600	17.0
		Assoc. Prof.	62,000	55,000	7,000	12.7
		Asstnt. Prof.	48,600	47,600	1,000	2.1
		All Ranks	67,500	61,900	5,600	9.0
Four-Years, With Masters	12 Colleges	Professor	66,200	60,000	6,200	10.3
		Assoc. Prof.	53,400	50,100	3,300	6.6
		Asstnt. Prof.	42,500	42,400	100	0.2
		All Ranks	54,000	49,400	4,600	9.3
Four-Years, No Masters	3 Colleges	Professor	66,300	56,400	9,900	17.6
		Assoc. Prof.	52,200	47,500	4,700	9.9
		Asstnt. Prof.	41,800	40,500	1,300	3.2
		All Ranks	49,600	44,600	5,000	11.2

1989-90 academic year

For example, during the 1989-90 academic year, for public institutions having a medical school but no hospital, the median compensation for all ranks of faculty in the nine other states in our study with such institutions was about $55,500. However, the average compensation for all ranks of faculty at SUNY's institution in this category (Buffalo University Center) was about $67,100. As shown by the following graph, the compensation paid by SUNY was higher than the compensation paid by all nine of the other states, and 8.8 percent higher than the compensation paid by the next highest state.



Using the data compiled by the American Association of University Professors, we also noted the average compensation received during the 1989-90 academic year by all ranks of faculty at 36 private institutions located in New York State. We then compared these compensation levels to the average levels paid by SUNY institutions in the same NCES category. We found that, in general, the average compensation paid to faculty by SUNY institutions was either equal to or greater than the average compensation paid to faculty in the private sector. For example, the faculty at Albany University Center were paid about as much as the faculty at Cornell University and Rensselaer Polytechnic Institute (about $66,000 a year on average). The Albany faculty were better paid on average than the faculty at Fordham University (about $62,000 a year) and Syracuse University (about $60,000 a year). The faculty at SUNY's 12 four-year institutions offering masters degrees but few doctoral degrees averaged about $6,500 a year more in compensation than did the faculty in 18

similar private institutions. Our analysis did not attempt to determine whether the quality of education provided by the SUNY system justifies the higher incomes provided its staff. Such analysis might be useful in future salary negotiations.

SUNY Hospitals Suffered Large Operating Losses

As part of its health sciences program, SUNY operates hospitals at the Health Science Center at Syracuse, the Health Science Center at Brooklyn, and Stony Brook University Center. Part of the cost of operating these hospitals is offset by the revenue that is received on behalf of the patients who are treated at the hospitals. According to NCES data, during the 1988-89 fiscal year, the cost of operating these hospitals exceeded the related revenue by more than $80 million.

Using the NCES data, we identified the operating costs and related revenues during the 1988-89 fiscal year for the hospitals that were operated by public universities in the 17 states included in our study. We then compared the operating results of SUNY's hospitals to the operating results of the university hospitals in the other states. As shown by the following table, the operating losses suffered by SUNY's hospitals were exceeded only by the operating loss suffered by the university hospital in Texas:

Operating Results for Hospitals
Operated by Public Institutions
(Thousands of Dollars)

State	Number of Hospitals	Hospital Revenues	Hospital Expenditures	Profit(Loss)	Margin
Texas	1	$ 84,858	$ 200,262	$(115,404)	-136.0%
New York	3	410,618	490,934	(80,316)	-19.6
Virginia	2	499,340	510,667	(11,327)	-2.3
Ohio	3	525,338	536,302	(10,964)	-2.1
Illinois	1	119,939	125,381	(5,442)	-4.5
New Jersey	1	210,919	212,000	(1,081)	-0.5
Pennsylvania	3	425,430	426,459	(1,029)	-0.2
Massachusetts	1	135,641	134,460	1,181	0.9
Indiana	1	208,177	204,477	3,700	1.8
Washington	1	129,499	123,475	6,024	4.7
Minnesota	1	334,147	327,852	6,295	1.9
Iowa	1	312,625	304,750	7,875	2.5
Wisconsin	1	179,953	168,338	11,615	6.5
Michigan	1	501,247	473,358	27,889	5.6
California	5	1,166,073	1,099,424	66,649	5.7

1988-89 fiscal year

Public university hospitals in the 13 states other than New York and Texas either incurred relatively small losses or generated small surpluses. In February 1990, a consultant reporting on SUNY's operating deficits noted that the deficits were caused in part by the following two circumstances:

- Although the SUNY hospitals have relatively small capacity, they offer a range of services normally associated with much larger institutions. As a result, the substantial fixed costs involved in offering such a wide range of services are not covered by the prevailing health care reimbursement rates.

- Because New York State has a shortage of nursing home beds, SUNY hospitals retain a high proportion of patients who belong in nursing homes. However, the reimbursement rates for such patients are generally lower than the reimbursement rates for other types of patients. Therefore, even though the occupancy rates for SUNY hospitals are comparable to or better than the occupancy rates of their peers, SUNY beds are often occupied by patients for whom the reimbursement rates are lower.

We believe that another factor influencing SUNY hospital operating results is the speed with which revenues are collected. Our prior audits of revenue related activities at the three SUNY hospitals have indicated that collections need to be accelerated. For example, we had found that the number of days of revenue tied up in receivables at the SUNY hospitals was significantly higher than that experienced at comparable hospitals.

...the time has come for SUNY...to reconsider the range of services and other factors that contribute to the large operating deficits...

SUNY officials further note that the size of the hospitals was affected by "political decisions" that were made almost 30 years ago, and was not based entirely upon the number of students seeking education in the health care professions. We believe the time has come for SUNY and the State to reconsider the range of services and other factors that contribute to the large operating deficits incurred by SUNY hospitals.

Comparing Costs Within the SUNY System

In addition to comparing the costs of SUNY institutions to the costs at the peer institutions in the other states, we used the same NCES data to compare the costs at SUNY institutions to the costs at similar SUNY institutions. The purpose of this comparison was to identify institutions where costs were unusually high or low. We were unable to find any where costs were unusually low. However, we identified the following four institutions where costs may be excessive.

College of Environmental Science and Forestry

The College of Environmental Science and Forestry (ESF), a four-year college offering masters degrees but few doctoral degrees, is located on the campus of Syracuse University (a private institution). ESF students

take some courses at Syracuse University to complete their programs. During the 1988-89 fiscal year, the educational and general cost per FTE student at ESF was $22,743, almost 3.5 times the average educational and general cost per FTE student for SUNY's 12 four-year colleges offering masters degrees but few doctoral degrees ($6,578). ESF's cost for support services alone was $4,054 per FTE student, 3.7 times the average support service cost per FTE student at the 12 colleges ($1,093). These discrepancies in cost may be caused in part by low enrollment at ESF, which had only 1,158 FTE students for the 1988-89 fiscal year. In contrast, most of the other 11 colleges in this category had enrollments of 5,000 to 6,000 FTE students for that year.

During our study, we identified no other public institution devoted solely to environmental science and forestry within the 17 peer states. The educational and general costs for ESF during the 1988-89 fiscal year were $26.3 million. If ESF could be consolidated with another SUNY institution, significant cost savings could be realized. For example, if the educational and general cost per FTE student at ESF was the same as the average such cost at the 12 SUNY four-year colleges offering masters degrees but few doctoral degrees, SUNY would have spent about $18.7 million less than it did in the 1988-89 fiscal year.

College at Purchase

The College at Purchase, a four-year college not offering masters degrees, is located in Westchester County. During the 1988-89 fiscal year, Purchase's educational and general cost per FTE student was $8,751, which was higher than the educational and general cost per FTE student at all but two of SUNY's other 14 four-year colleges either offering or not offering masters degrees. We further determined that Purchase's administrative and plant maintenance cost per FTE student was nearly twice the average administrative and plant maintenance cost per FTE student at the other 14 colleges.

Purchase's higher costs may also be caused in part by its low enrollment. SUNY officials advised us that Purchase was originally built for an enrollment of about 4,500 students; however, the enrollment at Purchase has generally been less than 3,000 students. As might be expected, the square feet of academic space per student at Purchase (533) is more than twice the average number of square feet of academic space per student at SUNY's four-year colleges. SUNY officials project that the enrollment at Purchase will decrease and that the amount of underutilized academic space at Purchase will increase. We believe that other high-cost SUNY programs (for example, the College of Optometry) could be consolidated with the existing program at Purchase, and thereby bring about more efficient utilization of the facilities at Purchase and dramatically reduce costs associated with operating two inefficient facilities.

College of Optometry

...Optometry's educational and general cost per FTE student was $37,820.

The College of Optometry, a health science institution that does not confer a medical degree, is located in Manhattan, and had an enrollment of 271 FTE students for the Fall 1988 term. During the 1988-89 fiscal year, Optometry's educational and general cost per FTE student was $37,820. This cost was so high in part because of the $4.1 million in rent SUNY paid for the 132,000 square feet which Optometry occupies in its prime Manhattan location. The rental cost alone was about $15,100 per FTE student, or 40 percent of the total educational and general cost. SUNY expects that the rent for Optometry will jump to $5.4 million for the 1990-91 fiscal year, increasing the rental cost to almost $20,000 per FTE student.

As described in the preceding section of this study, the College at Purchase has a great deal of academic space that is not fully utilized. If Optometry's program were moved to the Purchase campus, only 9 percent of Purchase's available academic space would be needed to accommodate Optometry's programs.

SUNY officials advised us that efforts were made to purchase the property rented by Optometry; however, these efforts were not successful. They also indicated that significant renovation costs would be incurred to complete major program relocations and consolidations, and that any plans for relocation would have to undergo detailed study. We acknowledge that careful study and review of any proposal to relocate a major program would be appropriate. However, the long-term cost benefit of such a proposal would seem to make it worthy of strong consideration.

Maritime College

...we question whether there is a need to maintain such a costly program when similar public institutions are operated nearby...

The Maritime College, which is a specialized four-year college that also offers general degrees, is located near New York City and had an enrollment of 756 FTE students in the Fall 1988 term. Each year, about 100 of Maritime's graduates assume careers in the maritime industry. During the 1988-89 fiscal year, Maritime's total educational and general costs were about $11.8 million, or $15,657 per FTE student. This was about 2.4 times the average cost of SUNY's 12 four-year colleges offering masters degrees (the type of SUNY college that most closely resembles Maritime). Although the cost per FTE student at Maritime is consistent with the cost of other maritime colleges in the country, we question whether there is a need to maintain such a costly program when similar public institutions are operated nearby by the Federal government in Connecticut and by the State of Massachusetts. Since the Federal and Massachusetts maritime programs are also relatively small (with enrollments of 882 and 650 students), it would appear that Maritime's program could be consolidated with one or both of these programs (or integrated into another SUNY campus) with significant cost savings in noninstructional areas such as administration.

Questions

The results of our analysis prompt us to ask the following questions relating to the cost-effectiveness of SUNY. The response of SUNY and State officials to these questions is especially important given the long-term fiscal problems confronting the State.

- What steps should SUNY management take to effect greater cost efficiencies while maintaining an adequate level of academic integrity within its programs, particularly for those campuses where costs are relatively high?

- Why are continued high support service costs necessary? What impact would occur if such costs were reduced closer to peer state median costs? Should SUNY either significantly reduce the cost of its support services or redirect some of the resources allocated to support services to purposes more directly related to its mission, such as instruction?

- How can the State modify its high SUNY faculty compensation practices?

- What steps need to occur to reduce the large operating subsidies to SUNY's hospitals?

- Has the State reached the point where the high costs incurred by ESF, Purchase, Optometry and Maritime have become prohibitive given the State's limited fiscal resources? Can these programs be consolidated or eliminated and what actions would be necessary to affect such changes?

SUNY's Tuition and Required Fees Are Typically Lower Than the Tuition and Required Fees in Other States

Most SUNY students can be classified as either resident (that is, living in New York year round) undergraduate students, nonresident undergraduate students, resident graduate students or nonresident graduate students. The largest group by far are resident undergraduate students. Each type of student is charged a different tuition rate by SUNY (with the undergraduate rate lower than the graduate rate and the resident rate lower than the nonresident rate) and, generally, each SUNY school charges the same tuition rate to the same type of student. Therefore, a resident undergraduate student at a two-year college pays the same tuition as a resident undergraduate student at a four-year university center. This generally is not the case in the peer states included in our study, as they vary their students' tuition according to the type of school that is attended.

SUNY's students are also charged certain fees, some of which are optional and others of which are required. The required fees, which are used to help pay the cost of such services as student activities and parking, vary from campus to campus. Such fees are also charged by the other states included in our study.

From the 1983-84 academic year through the 1989-90 academic year, SUNY's annual tuition for its largest group of students-resident undergraduates-remained fixed at $1,350. During that period, some required fees for these students were raised slightly. In December 1990 (subsequent to the completion of our fieldwork), the tuition for resident undergraduate students was increased by $150 per semester, effective with the Spring 1991 term. Therefore, SUNY's current tuition rates are higher than the rates addressed by our analysis. However, tuition rates have also been increased by the other states included in our study. For example, the annual tuition for resident undergraduate students at the University of Virginia was increased from $2,140 in the 1989-90 academic year to $2,370 in the 1990-91 academic year, an increase of $230.

...SUNY's tuition and required fees were among the lowest charged.

We compared the tuition and required fees charged by SUNY with the tuition and required fees charged by the peer institutions in the 17 states for the 1989-90 academic year. We found that SUNY's tuition and required fees were among the lowest charged. In addition, we compared the proportion of educational and general costs offset by tuition and fees at SUNY with the proportion offset at the peer institutions. We found that the proportion of these costs offset by tuition and fee revenues

at SUNY was among the lowest of all the states included in our study. Obviously, the proportion of these costs that were paid for through State taxpayer dollars was comparatively high at SUNY.

SUNY's Tuition and Required Fees Are Low

Resident Undergraduate Students

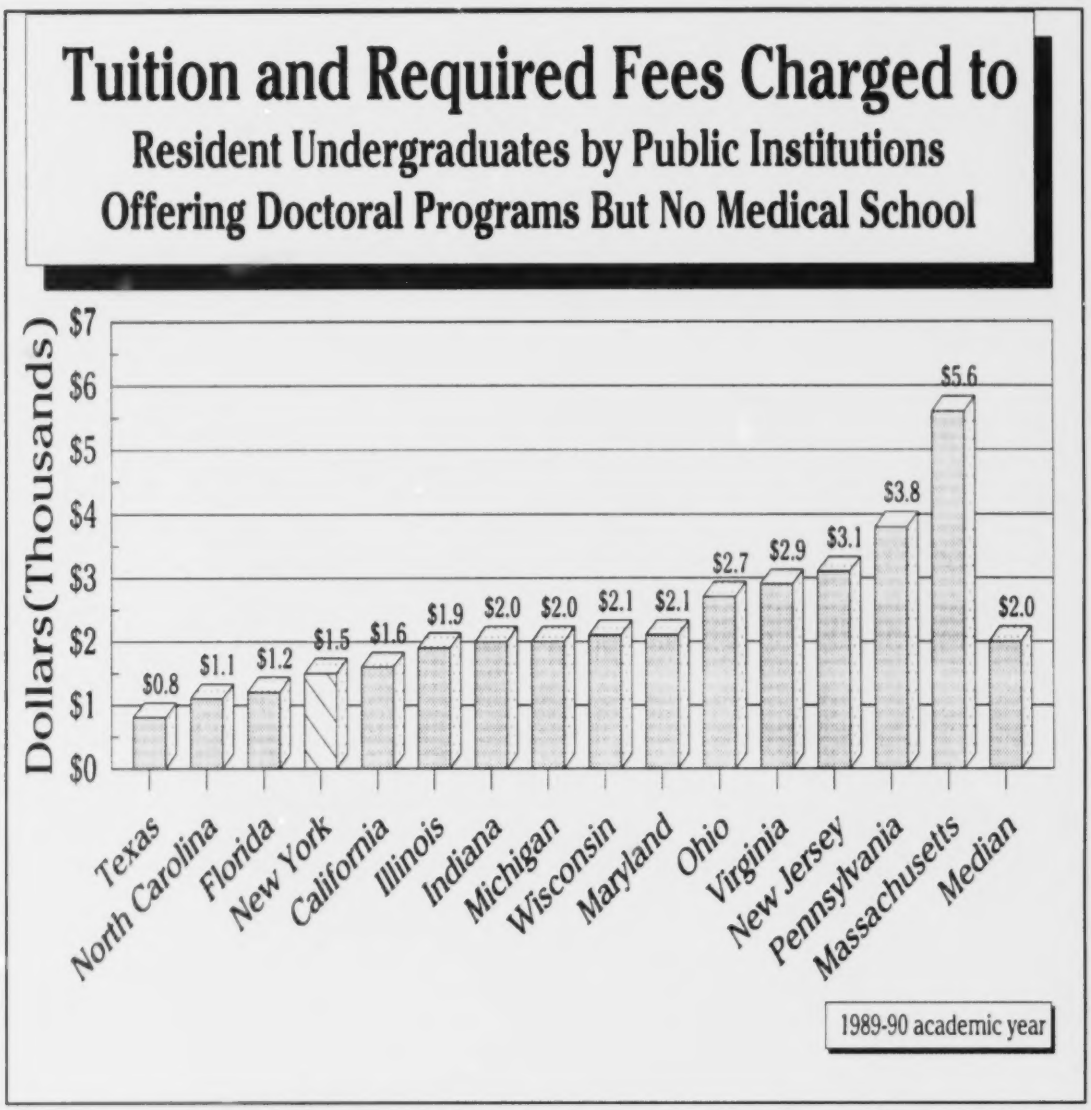
On the basis of information we received in response to our questionnaires as well as data from Higher Education Publications Inc., we determined the tuition and required fees that were charged during the 1989-90 academic year to resident undergraduate students for each of the institutions included in our study. We then compared the charges at the SUNY institutions to the charges at the peer institutions included in the same NCES category. (Health science centers and two-year colleges were not included in the comparison.) At SUNY our comparison included the tuition and required fees that were charged to about 107,000 FTE students. As shown by the following table, SUNY's charges were significantly lower than the peer states' median charges for each of the categories considered:

Tuition and Required Fees
Charged to Resident Undergraduates

Type of School	SUNY Schools of this Type	Average SUNY Tuition and Fees	Median Peer State Tuition and Fees	Difference	Percent SUNY Less Than Peers
Doctoral,No Medical School	Albany Binghamton	$ 1,497	$ 2,049	$ 552	26.9%
Doctoral,Medical School,No Hospital	Buffalo	1,490	1,828	338	18.5
Doctoral,Medical School,Hospital	Stony Brook	1,525	2,428	903	37.2
Four-Years, With Masters	12 Colleges	1,479	1,820	341	18.7
Four-Years, No Masters	3 Colleges	1,454	2,027	573	28.3

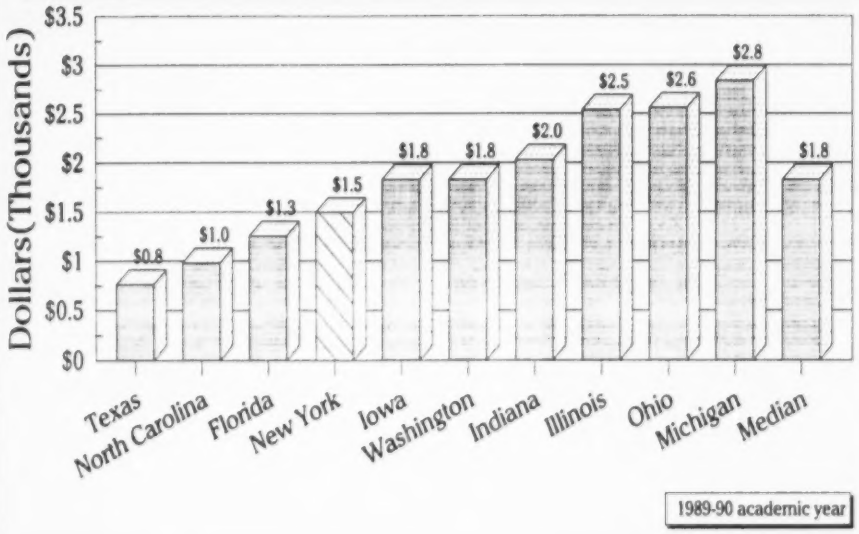
1989-90 academic year

For example, during the 1989-90 academic year, the median tuition and required fees charged by the other states included in our study to resident undergraduate students attending public institutions with doctoral programs but no medical school was $2,049. However, the average amount charged by SUNY's universities in this category (Albany and Binghamton University Centers) was $1,497. As shown by the following graph, the amount charged by SUNY was lower than the amounts charged by all but 3 of the 14 other states:

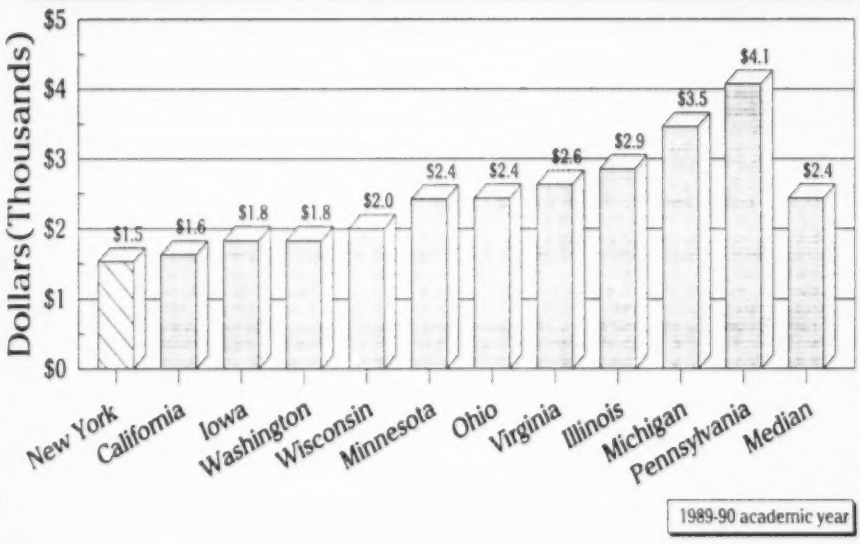


Following are graphs that show, by state, the tuition and required fees charged to resident undergraduate students during the 1989-90 academic year by the public institutions in the remaining NCES categories included in our comparison. As indicated by the graphs, unlike in New York, the amount of tuition charged by the other states generally varies with the type of institution.

Tuition and Required Fees Charged to Resident Undergraduates by Public Institutions Having a Medical School But No Hospital

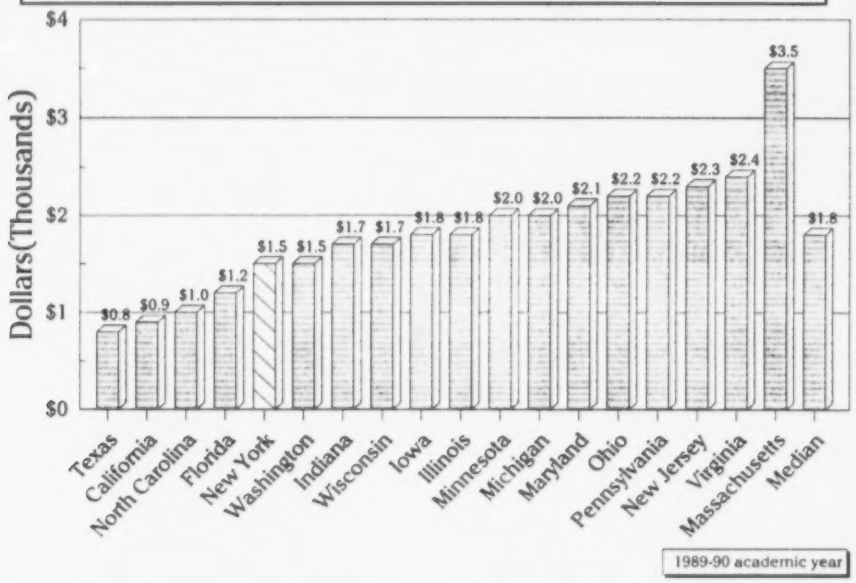


Tuition and Required Fees Charged to Resident Undergraduates by Public Institutions Having a Medical School and a Hospital



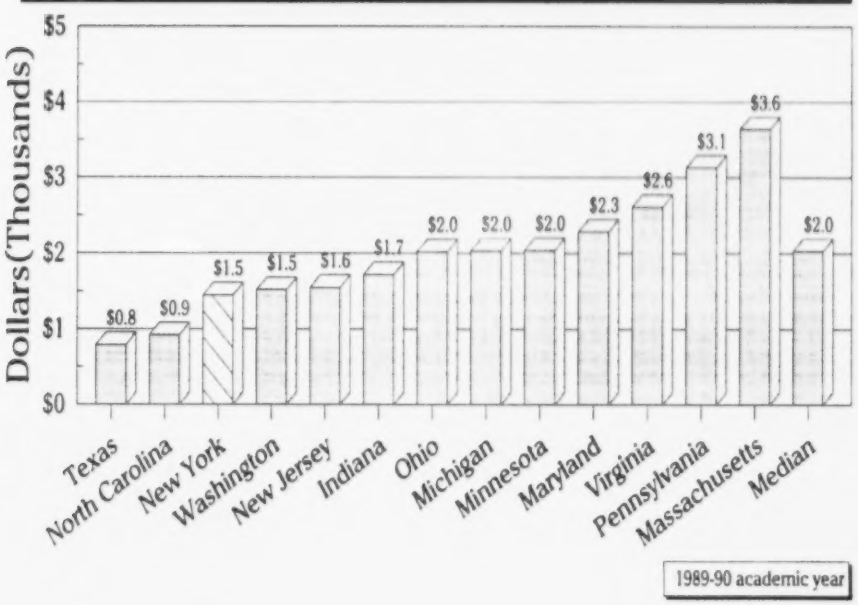
Tuition and Required Fees Charged to Resident

Undergraduates by Four-Year Public Institutions Offering Masters Degrees But Few Doctoral Degrees



Tuition and Required Fees Charged to Resident

Undergraduates by Four-Year Public Institutions Not Offering Masters Degrees



Graduate Students and Nonresident Students

On the basis of a study conducted by the state of Washington, we analyzed the tuition and required fees that were charged to graduate students and nonresident students during the 1989-90 academic year by some of the institutions included in our study. The Washington study presented average tuition and fee charges, by state, for certain types of institutions. These types of institutions did not match the NCES categories and did not encompass all the types of institutions that are included in our study. For the types of institutions which were included, we computed the average tuition and fees that were charged by New York and the 17 other states included in our study, calculated the median charge for the 17 states, and compared the median charge to the amount charged by New York. In total, the comparison included the tuition and fee charges for about 15,900 FTE SUNY students.

As summarized below, SUNY's charges were usually significantly lower than the peer states' median charges:

- Nonresident undergraduate students at SUNY's university centers (about 1,900 FTE students) paid about $1,400 less than the median tuition and fees charged to nonresident undergraduate students attending public university centers in the peer states.
- Nonresident undergraduate students at SUNY's arts and science colleges (about 2,000 FTE students) paid about $49 more than the median tuition and fees charged to nonresident undergraduate students attending such colleges in the peer states.
- Resident graduate students at SUNY's university centers (about 8,200 FTE students) paid about $550 less than the median tuition and fees charged to resident graduate students attending public university centers in the peer states.
- Nonresident graduate students at SUNY's university centers (about 3,800 FTE students) paid about $1,260 less than the median tuition and fees charged to nonresident graduate students attending public university centers in the peer states.

SUNY Could Have Raised An Additional $65 Million in Tuition Revenue

...SUNY could have raised an additional $65 million in revenue during the 1989-90 academic year if the tuition and required fees...had been the same as the median charges of the other states.

In total, we determined that SUNY could have raised an additional $65 million in revenue during the 1989-90 academic year if the tuition and required fees charged by SUNY to the almost 123,000 FTE students included in our analysis had been the same as the median charges of the other states.

Tuition and Required Fees Offset A Comparatively Low Proportion of SUNY's Costs

On the basis of the NCES data, we determined for each of the institutions included in our study the total revenue that was raised during the 1988-89 fiscal year through tuition and required fees. We then compared this amount to the institutions' educational and general costs for that year in order to determine the proportion of these costs that was offset by tuition and required fees at each institution. We then compared this proportion at the SUNY institutions to the proportion at the peer institutions included in the same NCES category. (Health science centers and two-year colleges were not included in the comparison.) Because SUNY's tuition and fees were relatively low while its costs per FTE student were often high, a much smaller percent of costs were offset by tuition and fees at SUNY institutions than at the peer institutions for each of the categories considered, as shown by the following table:

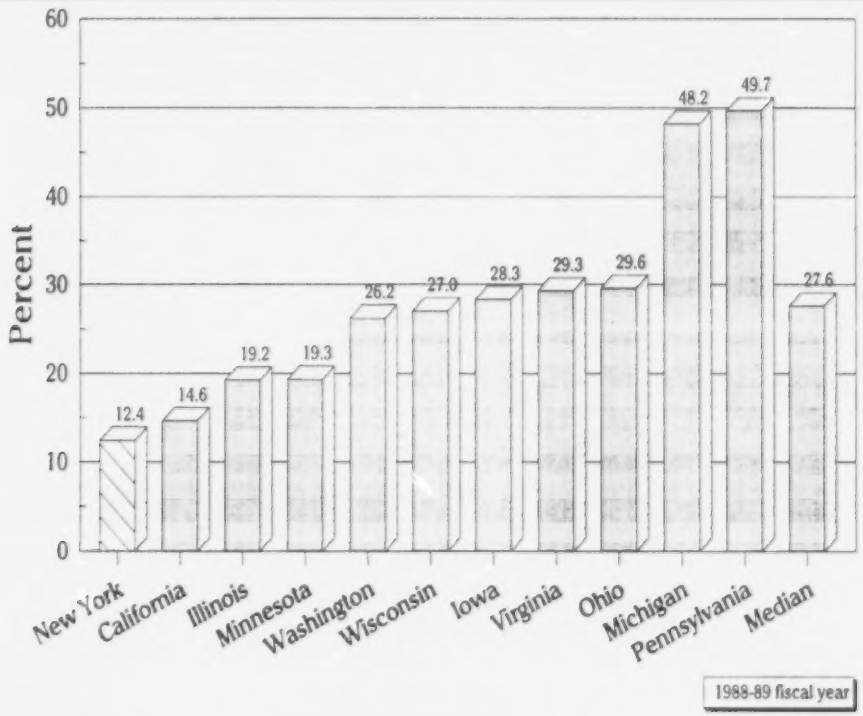
The Proportion of Educational and General Costs Offset by Tuition and Required Fees

Type of School	SUNY Schools of this Type	Percent of Costs Offset at SUNY	Percent of Costs Offset at Median Peer State	Difference
Doctoral,No Medical School	Albany Binghamton	20.1%	29.4%	9.3%
Doctoral,Medical School,No Hospital	Buffalo	17.2	24.6	7.4
Doctoral,Medical School,Hospital	Stony Brook	12.4	27.6	15.2
Four-Years, With Masters	12 Colleges	23.1	33.0	9.9
Four-Years, No Masters	3 Colleges	21.7	31.2	9.5

1988-89 fiscal year

For example, during the 1988-89 fiscal year, the median proportion of educational and general costs offset by tuition and required fees in the other ten states in our study having public institutions with a medical school and a hospital was 27.6 percent. However, the proportion offset at SUNY's institution in this category (Stony Brook University Center) was only 12.4 percent. As shown by the following graph, the proportion of costs offset by tuition and fees was smaller in New York than in any of the other ten states:

The Proportion of Educational and General Costs
Offset by Tuition and Required Fees
at Public Institutions Having a Medical School and a Hospital



If the tuition and fees at Stony Brook were raised so that the proportion of educational and general costs offset by tuition and fees was the same as the proportion that was offset in the median peer state, SUNY would have realized as much as an additional $33.2 million in revenue during the 1988-89 fiscal year.

In total, SUNY's tuition and required fee revenues during the 1988-89 fiscal year ($308 million) accounted for only 18 percent of SUNY's educational and general expenditures ($1.7 billion). If, through tuition increases or cost reductions, tuition and fee revenues had accounted for 20 percent of SUNY's educational and general costs during that year, as much as an additional $35 million could have been collected or saved.

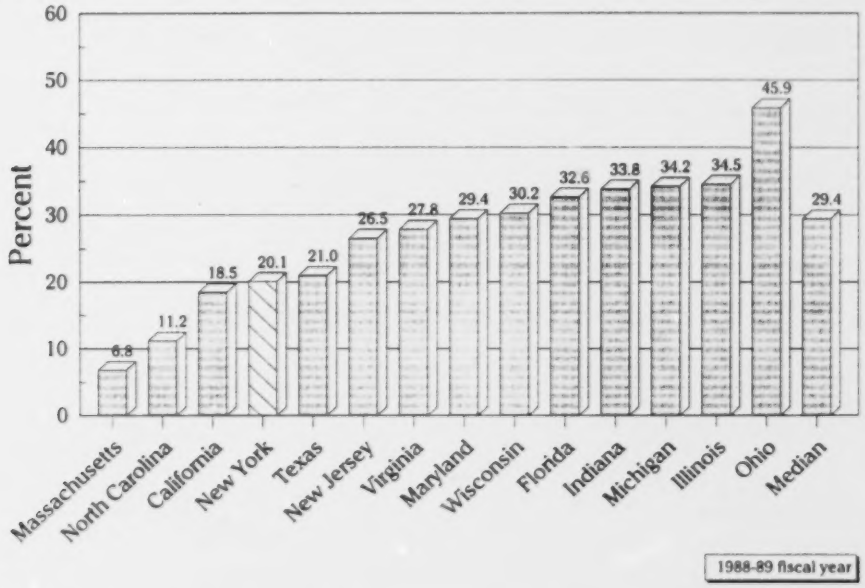
If tuition and fees were set at 25 (or 30) percent of costs, SUNY would have collected or saved as much as an additional $120 (or $206) million. (It should be noted that the amount of additional revenue derived by the State through any tuition increase would be offset to some extent by an increase in State funding for certain higher education financial aid programs.)

Because SUNY's basic tuition charge remained the same from 1983-84 through 1989-90, it decreased significantly in constant dollar terms over the period, as the United States Department of Commerce estimates that inflation increased costs for goods and services by 29.4 percent over this period. The Department of Commerce also estimates the costs for a college education increased by 41 percent over the same period; 11.6 percent above inflation.

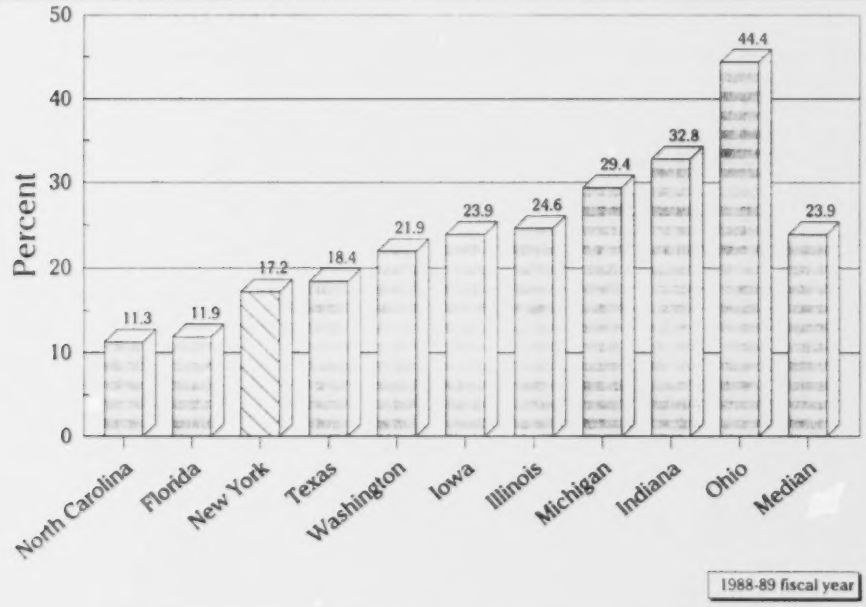
In the course of our study, we discovered that some states have adopted formulas in which the tuition and fees of their public universities are to some extent based on related education costs. In the state of Washington, for example, tuition and fees have been set through legislative act at fixed percentages of the cost for a college education. Resident undergraduate charges for students attending state colleges are 25 percent of the educational cost, while the charges for resident undergraduate students attending university centers are set at 33.3 percent of the educational cost. We believe a similar method for setting tuition and fees should be considered by SUNY. If implemented, such a method could result in several benefits to SUNY. For example, long-term planning would be enhanced by the stabilization of the relationship between tuition and costs. In addition, SUNY officials, other State officials, students and the students' parents could become more sensitive to the need to control operating costs.

Following are graphs that show, by state, the proportion of educational and general costs that was offset by tuition and required fees during the 1988-89 fiscal year at the public institutions in the remaining NCES categories included in our comparison.

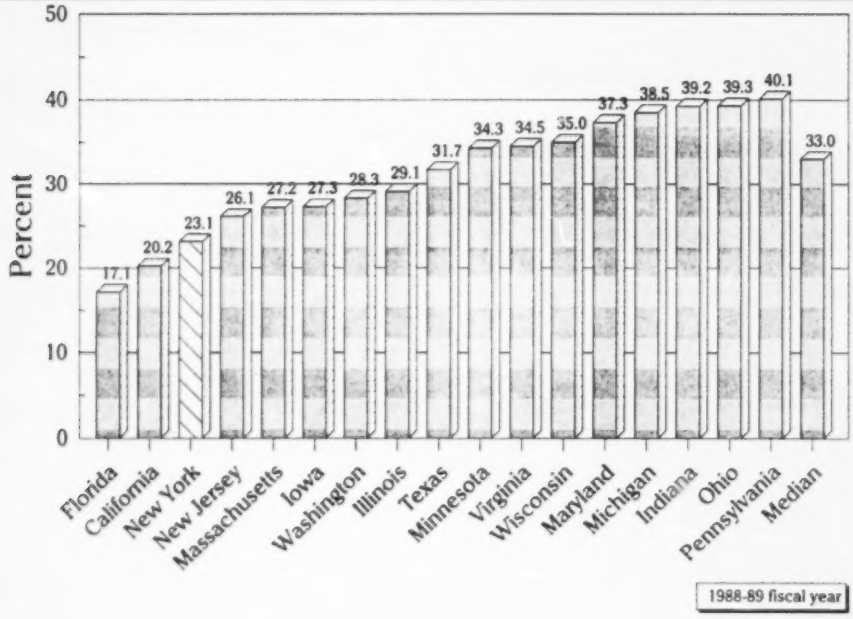
The Proportion of Educational and General Costs
Offset by Tuition and Required Fees at Public Institutions Offering Doctoral Programs But No Medical School



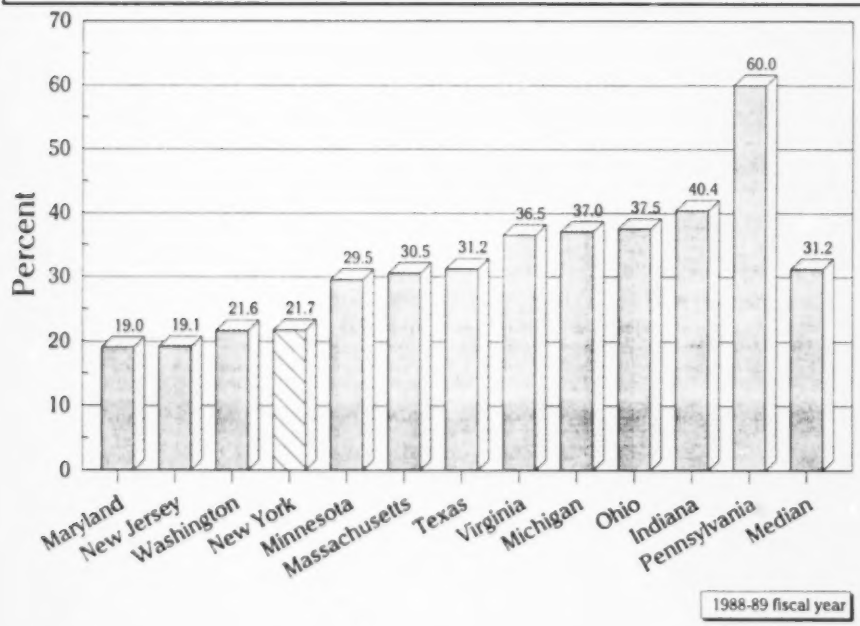
The Proportion of Educational and General Costs
Offset by Tuition and Required Fees at Public Institutions Having a Medical School But No Hospital



The Proportion of Educational and General Costs
Offset by Tuition and Required Fees at Four-Year Public Institutions Offering Masters Degrees But Few Doctoral Degrees



The Proportion of Educational and General Costs
Offset by Tuition and Required Fees at Four-Year Public Institutions Not Offering Masters Degrees



Tax Dollars Offset a Comparatively High Proportion of SUNY's Costs

On the basis of the NCES data, we determined for each of the institutions included in our study the proportion of educational and general costs that was offset during the 1988-89 fiscal year by revenue raised through state taxes. We then compared this proportion at the SUNY institutions to the proportion at the peer institutions included in the same NCES category. (Health science centers and two-year colleges were not included in our comparison.) As shown by the following table, a much higher proportion of costs was offset by state tax revenue at SUNY institutions than at the peer institutions for each of the categories considered:

The Proportion of Educational and General Costs

Offset by State Tax Revenue

Type of School	SUNY Schools of This Type	Percent of Costs Offset at SUNY	Percent of Costs Offset at Median Peer State	Difference
Doctoral,No Medical School	Albany Binghamton	84.1%	63.1%	21.0%
Doctoral,Medical School,No Hospital	Buffalo	81.3	61.6	19.7
Doctoral,Medical School,Hospital	Stony Brook	98.5	60.3	38.2
Four-Years, With Masters	12 Colleges	87.7	65.5	22.2
Four-Years, No Masters	3 Colleges	89.8	64.2	25.6
Average		88.3	62.9	

1988-89 fiscal year

(Note: The percentage of educational and general costs funded through tuition and fees (see table on page 34) and the percentage funded through state tax revenue (see table on page 39) may, when added together, exceed 100 percent for certain types of schools because other costs which are also offset by tuition and state tax revenue, were excluded from our analysis. The percentage of educational and general costs funded through the combination of state tax revenue and tuition and fees is smaller in the peer states than it is in New York because the peer states generally raise more revenue than SUNY through sources other than taxes and tuition.)

On average, about 88 percent of the educational and general costs at the SUNY institutions included in our comparison were offset by state tax revenue, while only 63 percent of the costs at the peer institutions were offset by state tax revenue. We believe the state needs to reassess the ratio of state tax support to tuition and fees and make appropriate changes.

Questions

The results of our analysis prompt us to ask the following questions relating to the tuition and fees charged to SUNY students:

- How much should students pay for their higher education?
- Should SUNY continue its flat rate tuition policy or consider alternatives such as varying tuition charges by type of institution or tuition charges that cover a percentage of costs at specific institutions?
- Should New York State taxpayers have to pay such a high percentage of SUNY's operating costs compared to the much lower percentages paid by taxpayers in other states?

Comments Of SUNY Officials

SUNY officials disagree with most of the study methodologies and conclusions.

We are disappointed with SUNY's response which is an apparent attempt to obscure rather than address the issues we raised. Our study identified the potential for decreased expenditures and increased revenues that could enhance SUNY's financial position and it raised related questions for consideration by State and SUNY policy makers. We believe that SUNY officials would best serve the students and taxpayers of New York State by seriously considering the study's issues as opposed to attempting to dismiss them.

The full text of SUNY's official response to our draft study report, as well as our detailed notes of clarification, are included on the following pages.

State University of New York
State University Plaza
Albany, New York 12246
Office of the Senior Vice Chancellor
Division of Administrative Affairs

March 21, 1991

Mr. Roland M. Malan
Assistant Deputy Comptroller
Office of the State Comptroller
State Office Building
Albany, New York 12236

Dear Mr. Malan:

We are herewith providing our response to the Staff Study "Comparing SUNY Finances with Similar State Universities". The report states on page 8: "The SUNY institutions were neither the most costly nor the least costly institutions in any of the categories." That statement, in itself, confirms that SUNY is a well managed and not overly costly institution. Then, however, the study makes a series of comparisons which selectively include or exclude data in order to reach misleading and incorrect conclusions regarding selected components of SUNY.

As an example of the impact of selectively choosing comparative data, your study collected staffing information from public institutions in the peer States, but this data was not used in the report. These data support the conclusion that given the student/staff ratios of these institutions, SUNY's staffing is more than 2,000 positions leaner than these peer institutions. In other words, SUNY would have more than 2,000 additional positions if it were staffed at the level of these institutions.
(See State Comptroller's Note 1, Page A-30)
Much of the data and comments we are supplying have been provided to your staff previously but were largely disregarded in preparation of the draft report. Nevertheless, we are supplying our comments again which we believe refute many of the conclusions reached in the report. We would be pleased to discuss these comments in more detail in an effort to resolve these disagreements.

Sincerely,

Harry K. Spindler
Senior Vice Chancellor
Division of Administrative Affairs

Enc.

Executive Summary

Contrary to the inappropriate and incorrect analysis done by OSC, the State University of New York is cost-effective as compared to all national peer groups and to New York independent institutions.

Some system-wide highlights for fiscal year 1988-89 (see table 91/249):

- SUNY units generally spent less per student than did campuses with comparable academic profiles.

- SUNY's State-operated campuses spent $1,072 less per student than the national model for all (public and private) institutions ($10,961 vs. $12,033).

- SUNY's State-operated campuses spent $1,621 less per student than the average for public peer institutions in the 17 peer states ($10,961 vs. $12,582).

- SUNY's State-operated campuses spent $287 less per student than the model for public institutions in all the fifty states ($10,961 vs. $11,248).

- SUNY's State-operated campuses spent $10,598 less per student than New York State private institutions which represent SUNY's most direct comparison for educational costs since 96 percent of SUNY students are from New York ($10,961 vs. $21,559).

(See State Comptroller's Note 2, Page A-30)

- Fall 1989 staffing information in the form of EEO-6 Employee Compliance surveys, collected by the Office of the State Comptroller from public institutions in the peer States, was not used in the study. These data support the conclusion that given the student/staff ratios of these institutions, SUNY's staffing is more than 2,000 positions leaner than these institutions. In other words, SUNY would have more than 2,000 additional positions if it were staffed at the level of these institutions. (See table 91/259)

(See State Comptroller's Note 1, Page A-30)

The State of New York's share of SUNY operations has decreased over time and especially during 1989-90 and 1990-91. **The forecast for 1991-92 is indeed bleak with the result that a system already spending below its peers will fall further behind.**

SUNY believes that a comparison of total Educational and General costs is the most valid approach. Selecting only one functional category out of 20 in E&G such as Institutional Support Costs is inappropriate because variability in accounting practices can inflate or depress any single category of expense.

(See State Comptroller's Note 3, Page A-30)

The OSC study focused on a number of special purpose institutions but either revealed nothing new relative to previous reviews done by SUNY and New York State or else discounted their own comparisons or made inappropriate comparisons. For example, while noting that Maritime is no more costly than comparable institutions, OSC still called for consideration of closing Maritime. In the case of both Purchase and ESF, the peer comparisons made were inappropriate and incomplete. For Optometry, the cost of space and location issues are over-simplified relative to program needs of the institution.

RESPONSE TO OSC STUDY COMPARING SUNY FINANCES WITH OTHER STATE UNIVERSITIES
3/15/91

The Office of the State Comptroller (OSC) has conducted a study of the cost of education in the State University of New York comparing it with public higher education in the 17 States whose population, economy and demography make then similar to New York in many, although not all, important social dimensions. The general stated purpose of the study was to examine the cost effectiveness of the State University.

Background and Data Sources:

In order to conduct this study they used the basic financial statistics survey which the (federal) National Center for Education Statistics (NCES) administers to colleges and universities nationally every year as part of its Integrated Postsecondary Education Data System (IPEDS) family of surveys. The data used were preliminary FY 1988-89 data provided by the State University to OSC supplemented by copies of the NCES survey responses which OSC solicited directly from some of the colleges in the study. No attempt was made to obtain additional two year college responses. This is the only source of national data on the financial characteristics of colleges and universities. This survey is an "all funds" analysis and asks the colleges to describe all their revenues by source such as tuition, state appropriations, federal grants, etc.; and their expenditures by function such as instruction, research, academic support, etc. The data are self reported by the institutions with instructions and the hope that they follow the accounting guidelines of the National Association of College and University Business Officers. (NACUBO). State and local accounting and budgeting conventions however are powerful determinants in how the dollars are actually categorized. Uniformity of reporting is inversely related to increasing detail. The more detailed the concept the less likely it is to be uniformly reported by different institutions.

These financial data together with the national fall enrollment data for these institutions also collected by NCES, allows the development of a full time equivalent enrollment figure which can be used together with the financial data to make various revenue and/or cost per FTE comparisons. These comparisons can be very useful and informative if they are drawn properly and do not overextend the specificity of the comparisons beyond the precision or lack of it inherent in the data itself.

There are some 3,600 colleges and universities in the United States, of which some 1,600 are public. They exist in every conceivable size and shape and academic program configuration. New York State has the distinction of having the largest number at 333, of which 97 are public. California, second with a total of 314 colleges has the most public institutions at 138. California also has by far the largest public higher education enrollment at more than 1.5 million compared to New York's 583,000 in the public sector. The public sector enrollments in these 17 States ranges from Iowa's low of 113,263 to

California's 1,541,305. The institutions range in size from 400+ FTE students to over 45,000 FTE students with budgets to match. It should also be noted that large institutions can achieve economies of scale in certain cost components.
Obviously, comparisons must be made with care...

In order to sort this endless variety into some semblance of order, the OSC Study, following the University's previous peer studies, in part, used the NCES institutional classification of institutions which categorizes them broadly by type and level of program offering such as comprehensive doctoral institutions with or without medical schools, comprehensive baccalaureate institutions through the master's degree, baccalaureate institutions, free standing medical schools, two year colleges, etc.

This classification scheme is a useful starting point, but its refinement leaves much to be desired if it is pushed beyond the degree of precision it can support. For example, it does not support the evaluation of the efficiency of any single institution from the characteristics of a group of so-called similar institutions based on this classification scheme alone. **In order for any single institution to be evaluated, a great deal more detail such as mission, program structure and nature of the student clientele is required for anything approaching an equitable analysis.**
(See State Comptroller's Note 4, Page A-31)
No measures of quality were invoked, although the OSC study did stipulate that none of the programs at any of the institutions compared were educationally unsound. No further evidence was adduced.

Scope of the Study

OSC stated five primary concerns at the outset of their study.

1. The comparative cost-effectiveness of SUNY campuses
2. Cost variation in cost components.
3. Tuition and fees compared to other States.
4. Tuition and fees as a proportion of total educational cost.
5. State tax revenues as a percent of total educational cost.

OSC concluded that:

1. SUNY's costs are typically higher than costs in other States.
2. Some of SUNY's cost components are too high. None of the rest were cited as too low.

3. SUNY's faculty is too highly compensated.

4. SUNY's tuition is too low.

5. The State pays too high a share of SUNY's costs.

Given the mix of statistical methodologies used to manipulate the data in the study, it is difficult to avoid the impression that these conclusions were already drawn at the outset of the study. Also conspicuous by its omission is any reference to the State University's effectiveness or any benefits that have accrued to the State from SUNY and its 1.6 million graduates since its establishment.

(See State Comptroller's Note 5, Page A-31)

Specifically, the study flatly implies that SUNY could save $98 million in its "educational and general" operating costs per student. The path to their conclusion is instructive. (In actual fact the SUNY system spends $287 less per student or $45 million less than the national public average of a composite of similar institutions. See tables 91/239 and 91/248.)

(See State Comptroller's Note 2, Page A-30)

What are Educational & General Operating Costs?

The educational and general operating costs include the expenditure categories of Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support Services, Operation & Maintenance of Plant, Scholarships & Fellowships, and Transfers. Transfers were excluded in the study since they often involve such mandatory obligations as debt service on the physical plant and do not support current operations.

The OSC study however also chose to deduct from expenditures all revenues from federal and private grants, contracts and gifts, thus eliminating from the study some $294 million in SUNY resources and some $6.9 billion in the total study. The only reason given for this was to not "disadvantage" institutions which derive large sums from such sources, i.e. the practice of the best and most successful institutions!. This is the sort of "disadvantaged" position toward which the University with the support of the Governor and the Legislature, through the Graduate Research Initiative, has been striving. Needless to say the exclusion of such monies significantly reduces the apparent expenditures of some excellent institutions. It is almost gratuitous to say that they would not be the same without these resources...and neither would SUNY's campuses. It is such monies which play a vital role in enabling the colleges and universities to support the economic infrastructure, business and industry of the State. Many older State University systems have significantly greater funds from such sources compared to SUNY, doubly disadvantaging SUNY in a cost comparison. Nevertheless, for example, in the group of 29 doctoral institutions with which SUNY Albany was ranked, it placed 9th in private gifts grants and contracts, and 11th in federal grants and contracts. This does not support the conclusion that these dollars should have been excluded from the analysis. These

(See State Comptroller's Notes 6 and 7, Page A-31)

monies are intimately interwoven with the instructional and research enterprise of the institutions. At the doctoral level and most especially in the sciences, such monies are essential to the academic program. It is exactly these types of funding sources which make public colleges and universities less dependent on State appropriations, a stated concern of the study at the outset.

Inclusion of State Grants and Double Counting of State Tuition Assistance Dollars

Double Counting of Tuition Assistance Program Monies

This is a subtle point, but entails millions of dollars. The federal IPEDS financial statistics survey calls for a separate reporting of State funded grants including tuition assistance grants which in the case of NYS is T.A.P. monies. These are included on the State Grant line and are also implicitly included with tuition revenues so they are counted twice. This peculiarity in the survey works to the disadvantage of NYS institutions because New York's Tuition Assistance program is so much larger than any other State. Again in the case of SUNY Albany, the State funded grants amount to $344/FTE. Other institutions are as little as $90/FTE. The double inclusion in the case of SUNY exaggerates the difference in support levels.

(See State Comptroller's Note 8, Page A-31)

OSC Study Statistical Methodology

In the OSC study, this reduced or "net" E & G cost per student for each institution type (Doctoral with medical school for example) is then averaged for the institutions of each State, reducing the natural variability among different institutions, thus some State figures represent a single institution, and others are included only by an average of ten institutions. This mixture of single institutions and State averages is then ranked from high to low and the median value of this ranking is taken, again compressing the variability of the values of actual institutions. The result of this exercise is used to compare cost values with single or small clusters of SUNY institutions without any regard for the legitimacy of the variability of the cost factors of individual SUNY institutions, while no question whatsoever is raised concerning the proper variability of all the other institutions that went into the make up of this two step compression of institutional cost per student values. **The assumption made is that SUNY's funding of its institutions taken individually or in small clusters, should not exceed the central tendency of other States. SUNY's individual institution costs are not to exceed average costs elsewhere. Other States can have their range of costs, we must not.**

(See State Comptroller's Note 9, Page A-31)

Using this mixture of self-serving means and medians in the methodology, and ignoring the cases in which SUNY institutional costs are lower (the Health Sciences Centers), a $98 million "potential savings" figure is derived. (See table 91/241.)

(See State Comptroller's Note 10, Page A-31)

The proper use of Medians

Even using their methodology of employing medians to rank and compare college costs, **if one were to apply median values consistently** for all institutions in the clusters, allowing each institution to be represented in the rankings, without the prior step of first compressing some colleges into one figure, **the cost comparisons show SUNY to be some $600,000 less expensive than the other institutions, not $98 million more expensive (See table 91/294).**

(See State Comptroller's Note 11, Page A-31)

So what is a fair comparison?

The Enrollment Weighted Composite Modelling of the Entire SUNY System

A more reasonable approach, is to construct an enrollment driven model of weights to reconstruct the entire SUNY system by its constituent institution types. This yields a SUNY system made up of 25,000 FTE in Doctoral institutions without medical schools, 62,000 FTE in Comprehensive Colleges, 20,000 in Technical mostly two year colleges, and so on until the entire system's 159,000 fte are accounted for. These clusters of FTE enrollments can then be multiplied times any of a number of different average costs or "institutional price ranges" derived from the average cost of the entire institutional cluster nationally, or for selected States.

SUNY is thus able to compare its entire system funding with the funding levels of:

1) National public institutions,
2) National private institutions,
3) New York State private institutions,
4) All Peer (public and private institutions)
5) Public peer institutions, (adds qualitative & programmatic criteria)
6) Public institutions in peer States. (any public in a peer State)

The results are much more stable and characterize the institutional cluster as a whole. Such modelling of the SUNY system allows one to focus on the total funding picture without becoming bogged down in spurious comparisons of individual high or low cost institutions. As the nation's most comprehensive University system, SUNY has both high and low cost institutions. The enrollment weighted composite facilitates a comparison of SUNY's expenditure per student levels with many other broad sectors. (See table 91/248.) **SUNY's composite E & G cost per student is $287 per student below the national public average, and $1,621 per student below that of public peer institutions.** The analysis shown on table 91/248 is based upon the NCES national compilation and uses some 970 institutions versus the 263 used by OSC in its cost study. It also does not distort total E & G expenditures by subtracting revenues from federal and private grants, contracts and gifts.

(See State Comptroller's Note 12, Page A-32 and Note 2, Page A-30)

Despite all of the demographic considerations peculiar to the larger industrial

States, SUNY's costs are only 97% of the national public average. They are only 87% of the public peer institutions which are limited to the seventeen more comparable States and institutions which are either AAU institutions or drawn from considerations of comparable academic program arrays.

Comparable New York State private institutions which function in the same economic and demographic climate as SUNY institutions spend twice as much as the SUNY composite for their operations. In other words if the SUNY system operated at the same level of expenditure as the private sector in New York State, its total E & G expenditures per (FTE) student would be twice what they are. And it is with these institutions with which SUNY competes in the marketplace for students.

The Institutional Support Cost Issue

Another area of comparison which was singled out was Institutional Support Costs. This is one of the 20 functional categories of expense on the IPEDS Finance Survey and its comparability across institutions is questionable. It tends to be a "catch-all" category and is used differently across institutions and not even uniformly within the same State.

(See State Comptroller's Note 3, Page A-30)

In a recent experience in an internal Study carried out among the public institutions in the State of Connecticut, what were on the surface "high" institutional support costs based on IPEDS financial statistical reporting, and therefore an apparent source of potential savings, upon closer examination turned out to be a function of the variability in accounting practices used to attribute expenses to the functional expenditure categories of the IPEDS Finance Survey.

> In the words of the Director of Research for the Department of Higher Education in the State of Connecticut, *"The E & G line is the only one I have trust in...my research shows that the experience of institutions of interpreting and fitting their financial data to the federal reporting categories is a fragile and haphazard experience."*

Since SUNY's "E & G line" for the entire SUNY system is below the national public average for similar institutions, it stands to reason that it is highly unlikely that any one of its cost functions would be as grossly out of line as the IPEDS data would suggest (38% higher than the national public average in our own composite analysis). At a recent national meeting of University representatives and IPEDS coordinators held by NCES to discuss its surveys and plans for the next year's sequence of survey activities a special session was held to discuss improvements to the IPEDS Finance Survey. The experience of other State coordinators of the IPEDS surveys nationally, reveals a similar concern about the comparability of the functional detail in the financial survey. As was mentioned earlier, State and local accounting conventions are powerful determinants of the categories in which the data are reported. NACUBO guidelines for college and

university financial accounting list some 843 activities associated with cost expenditures at colleges and universities. These are supposed to be reduced to 54 categories and these in turn to the 20 expenditure categories when responding to the IPEDS finance survey of NCES. It is obvious to the informed observer that colleges and universities respond within the limits of their accepted and accustomed accounting practices and resources. They do not re-catalog 843 activities of expense to ensure compliance with NACUBO guidelines. Moreover these guidelines call for some expenses to be reported a) in more than one category, b) in either one category or the other but not both, and c) to be distributed across categories. Again, one comes to the conclusion that, the most reliable figures are the total E & G expenditure figures.

It should also be noted that the ISS cost comparisons are misleading because the category contains general administrative and general institutional support which means that administration is only one part of the ISS category.

Approximately 55% of the expenditures charged to the campuses' Institutional Support Services (ISS) category relate to the General Institutional Services (GIS) function as opposed to the General Administration function. These GIS support services include activities, such as automotive services, general campus computer and telephone services, duplicating and printing services, mail and messenger services, central stores, public safety and other types of support activities. In practice, the GIS category is a "catch all" as all the major functions (Instruction, Research, Public Services, Libraries, General Administrative, etc.) are specifically defined and the remaining activities default to the GIS function.

Also, as noted, it is difficult to compare the ISS expenditures with other institutions because of different interpretations of the guidelines for what should be included. Some of the activities which are in the SUNY campuses ISS category may be included in other areas for non-SUNY institutions. For example, several SUNY campuses include busing operations in the ISS category, but this is a type of support service that is probably operated by an Auxiliary Services Corporation (FSA) at non-SUNY institutions. Again, within SUNY's books, the busing services default to the GIS function (ISS category) as there is no other place to lodge these costs.

For example, in the case of SUNY at Buffalo, the ISS includes: academic computing expenditures that have not been recharged to I&DR, IFR activity, Research Foundation costs, endowment management costs, and the bus contract necessary to deal with two campuses.

In a survey of several "peer" campuses cited in the OSC audit, we have found that these campuses record most of the ISS type costs (computer services, duplication, etc.) in the other major functions. In addition, these campuses appear to offset ISS expenditures with revenues from the sales of these various service-oriented programs or record the sales components in other major functions. Within SUNY there are sizable IFR's (revenue

producing activities) used to subsidize these ISS type services but the costs, without recognition of the offsetting revenues are included in the ISS function.

Because SUNY's average aggregate costs are similar to or less than our peers, it suggests that isolating or focusing on one function is misleading. OSC should display all functional categories and not just Institutional Support Services.

State Appropriations as a Percent of Total E & G Revenues

We disagree with the statement on page 2 of the Executive Summary which states: "About 88 percent of the educational and general costs at the SUNY schools included in our comparison were offset by state tax revenue". In fact, the 1988-89 audited financial statements of SUNY report that New York State's share of University operations was approximately 53%. In 1989-90, the State's share was reduced to approximately 48%.

(See State Comptroller's Note 13, Page A-32)

The sentence on page 5 which reads as follows: "The share of these costs that is funded by the taxpayers (through State taxes and State borrowing) has become increasingly large" is incorrect.

In fact, the share of State tax dollars to SUNY operations has decreased during the 1989-90 and 1990-91 fiscal years.

We suggest that the next paragraph on pages 5 and 6, which reads as follows:

> "In addition, SUNY officials expect the State to provide funding to replace more than $200 million the State borrowed to support SUNY operations in both the 1989-90 and 1990-91 fiscal years. These funds were borrowed to make up the difference between SUNY's total estimated operating revenues and total estimated operating expenditures for those two years. According to SUNY officials the borrowing that was done to cover the revenue shortfall in 1990-91 alone added $1.1 billion in principal and interest to the State's long-term debt obligations. Generally, these obligations must be paid with State tax dollars."

Be replaced with the following:

> "It is for this reason that the State will have to provide funding to replace more than $200 million in nonrecurring revenues made available through debt service refinancing in both fiscal years 1989-90 and 1990-91, and any increased debt service (borrowing) costs will also be covered by increased State funding. During the 1990-91 fiscal year, for example, a debt service refinancing for SUNY added $1.1 billion to the State's long-term debt obligations.

(See State Comptroller's Note 14, Page A-32)

Tuition

This issue is currently under study by a special sub-committee of the Board of Trustees. It is an important issue for the students of the State University from the standpoint of maintaining access, and critical to the University from the standpoint of maintaining adequate funding of its operations. A mid-year increase which annualizes to $300 for resident undergraduates was adopted in 1990-91. The State's current serious revenue shortfall and the lack of any increases since 1983 force the issue for fiscal 1991-92.

Hospitals

On page 7, the report states regarding SUNY hospitals: "In addition, separately from our overall analysis, we examined hospital operations at campuses that maintain a hospital as part of their health sciences program. While such operations are supposed to be self-sustaining, SUNY's hospitals have consistently incurred considerable operating deficits. We therefore believed a comparison with other university hospitals would be appropriate".

Having made the statement that a comparison with other university hospitals would be appropriate, it is astonishing to learn that on page 10 the following statement is made regarding the health science category: "It should be noted that the health science category may not be as comparable as the other categories".

(See State Comptroller's Note 15, Page A-32)

It appears that the reason for that observation may have been because the Educational and General Costs per FTE Student at the SUNY Health Science Centers are significantly lower than these costs at the peer states.

This technique then allows the auditors to get to the following biased conclusion: "We determined that, excluding the health science centers, SUNY would have spent about $98 million less than it did during the 1988-89 fiscal year if the educational and general costs of its campuses were held to the median educational and general costs of the peer states".

(See State Comptroller's Note 10, Page A-31)

Every State does subsidize hospitals in some fashion such as fringe benefits, debt service, or indigent care payments which are not always revealed in these types of comparisons.

We are concerned by the narrowness of the Study's conclusion (page 23) that SUNY should "reconsider the range of services and other factors that contribute to the large operating deficits" of its hospitals. Although the Study acknowledges that a major reason for these hospital operating deficits is New York's (low) reimbursement rates, it fails to state that all New York hospitals face a negative hospital operating margin (a result of the Health Department's aggressive efforts to conserve Medicaid and third party insurance funds). Explicit mention of this situation would make it clear that from SUNY's perspective, its hospital operating deficits are largely of extrinsic origin. The Study also

does not discuss the complex role of the SUNY hospitals in support of the health science centers' educational mission.

Special Purpose Institutions

NYS has a history of establishing special purpose institutions especially in its public sector. In fact until the establishment of the State University of New York, the public sector was restricted by public policy to being a collection of special purpose institutions, none of them comprehensive. Maritime, ESF, and more recently Optometry, are examples of this legacy. It is a public policy decision to provide these educational opportunities and programs to the people of New York State. Elsewhere they are more likely to be embedded as part of a larger comprehensive institution.

(See State Comptroller's Note 16, Page A-32)

A number of concerns about specific institutions were cited on pages 23, 24 and 25.

> In each case, an appropriate peer comparison was not made or, in the case of Maritime, the comparison did indicate that the college was not out of line in costs but that fact was discounted by the audit. Purchase has to be compared to institutions with a high proportion of their programs in the performing arts and not just to other baccalaureate institutions. It has no public peers in the entire nation as a free standing baccalaureate institution with a similar program emphasis in the performing arts.
>
> The rental costs at Optometry and the space utilization of Purchase and Optometry have over-simplified the issues. SUNY has previously provided a response concerning each of these campuses.
>
> In regard to the College of Optometry, there is no question that space costs drive the per student cost. There are two strong programmatic reasons for the location of the College in New York City. First, the location permits the use of a significant number of part-time clinical faculty whose practices are based in the New York metropolitan area. Secondly, the Optometric Center provides vision care to a large number of people for whom it is otherwise unavailable. This patient population also serves as a base for the clinical instruction in the College of Optometry.

On page 26, OSC asks the following question: **"Has the State reached the point where the high costs incurred by ESF, Purchase, Optometry and Maritime have become prohibitive given the State's limited fiscal resources? Can these programs be consolidated or eliminated and what actions would be necessary to affect such changes?**

> It is important to consider the benefits of the institutions as well as their costs. These issues are dealt with in the specific campus responses which follow.

Specific Campus Responses

State University College of Environmental Science and Forestry

The analysis on pp.23 and 24 is conceptually so flawed as to be of no use in making comparisons between ESF and other academic institutions. While the analysts admit to finding no comparable public institutions within the 17 peer states, they then make nonsense intra-SUNY comparisons. The study compares ESF with "SUNY's 12 four year colleges offering masters degrees but few doctoral degrees". In fact, ESF was at the time of the study an upper division/graduate institution with the highest percentage of graduate students of any institution in SUNY other than the Health Science Centers. On an FTE basis, graduate enrollment was 41 percent at ESF and 23 percent at the University Centers. During 1988-89 more than 42 percent of our graduate students were working toward the Ph.D. The Ph.D. is offered in every program at ESF except one.

(See State Comptroller's Note 17, Page A-32)

If one were to do an intra-SUNY comparison of our costs with other SUNY units, the most reliable comparison would be between ESF and the science and engineering programs at the other doctoral granting institutions. The only study, of which I am aware, is the SUNY benchmark analysis which shows our funding (1988-89 percent variation from modelled needs) to be similar to the other doctoral granting campuses.

A second flaw in the analysis is to take total educational and general costs and divide by FTE students as a measure of the cost of educating those students. The charter of ESF as found in Art. 121, Section 6002 of the State Education Law states:

> The college shall have as its objects and purposes: 1. Teaching in the science and practice of environmental science and forestry in its several branches including landscape architecture; environmental design; environmental and resource engineering; environmental and resource management; wildlife studies; biology, chemistry, ecology; the manufacture and marketing of forest products; and the technologies appropriate to these branches of environmental science and forestry.
>
> 2. The conduct of research, investigation, and experimentation relating to such studies wherever appropriate, including suburban or urban areas, and in commercial or industrial facilities.
>
> 3. The conduct of experiments in forest and related resources development and management for public, commercial, recreational and aesthetic purposes, and, generally the giving of popular instruction and information concerning the elements of environmental science and forestry.
>
> 4. The operation of demonstration and public service programs with a view to acquiring, transmitting, and applying knowledge concerning the scientific

management and use of forest and related natural resources for human benefit.

In carrying out that charter we spend state dollars which are not exclusively used for educating matriculated students. These expenditures include managing for teaching, research and demonstration purposes 25,000 acres of state land. These lands were visited by 14,000 visitors last year. These visitors ranged from school children, to practicing professionals. Also, we have long-term cooperative research relationships with state agencies, the federal government and industry. As an example, we spend money on paper science and engineering research which is jointly financed by the state of New York and industry. Industry contributed $670,000 to that effort last year. I think there is wisdom in our college's charter which requires us to assist an industry which generates about 5 percent of the state product and 6 percent of the state employment. In total we attract more research money per faculty member than all other SUNY units except those with medical schools. If this is appropriate activity for ESF, why would one take total campus expenditures and divide by FTE students to calculate the cost of per student?

In addition to the conceptual flaws with the analysis, there are some specific errors which should be noted. ESF is not located on the campus of Syracuse University as stated on page 23. We are located adjacent to the S.U. campus. We do have a relationship with Syracuse University which has been pointed out by Chancellor Johnstone as the quintessence of public private cooperation in higher education.

We have no idea where the number $26.3 million for our 1988-89 educational and general cost came from. State appropriations to ESF in that year was less than $20.5 million. Therefore, any comparisons using the $26.3 million figure are questionable.

(See State Comptroller's Note 18, Page A-32)

Lastly, on page 26, the report author asks, "Can these programs (one of which is ESF) be consolidated or eliminated"? ESF could be eliminated, but then there would be no academic institution in the state focusing on some of the prominent social issues of today such as clear air, clear water, efficient use of our renewable natural resources, reasonable resolution of increasing conflicts over land use, and the list goes on. Should we abandon the Adirondack Wildlife Program, The Great Lakes Consortium, The Polymer Research Institute, The Empire State Paper Research Institute, or The Institute for Environmental Policy and Planning?

(See State Comptroller's Note 19, Page A-32)

Consolidation of ESF simply makes no sense. The nature of our buildings, equipment and programs would cost unrealistically high amounts to move or replicate at another campus. To operate as a satellite of another SUNY campus simply would not save much money. If the state of New York wishes to save money at the College of Environmental Science and Forestry, they could do it by changing our charter--a mistake which contradicts all previous judgments by the state executive and legislative leadership.

(See State Comptroller's Note 20, Page A-33)

State University College at Purchase

There is one overwhelming statistic that repudiates the fundamental allegation made about Purchase in the Comptroller's document: that we are grossly under-enrolled.

Since 1981 SUNY Purchase has increased its enrollment by approximately 1,000 headcount students, and 300 AAFTE, despite the loss of 100 positions originally supported by State tax revenue dollars. Is there any other agency in State government which can claim a better record of productivity?

What is the source of the SUNY Central statement that Purchase's enrollment is predicted to decline, when the facts completely demonstrate the contrary? In addition to the reported headcount and FTE, we serve a very large number of credit, non-credit, and summer school students on IFR.

I am profoundly troubled by the further allegations that our people are overpaid, and that we have huge amounts of under-utilized and over-supported space.
(See State Comptroller's Note 21, Page A-33)
Purchase faculty earn among the lowest average salaries in the SUNY system, despite the College's location in the highest cost-of-living area in the State.

The same is true about the support of our facilities. Our cost per OGSF, less utilities, is $1.97. The SUNY college average is $2.08. The only campuses with poorer support are Potsdam, at $1.89, and Buffalo, at $1.76, but those campuses are in regions where the cost of doing business is at least 25-30 percent less then in Westchester.

Finally, in offering the proposal that the College of Optometry be simply merged into the College at Purchase, the Comptroller's Study betrays total ignorance of the mission of both institutions.

1) Optometry can only function successfully in an urban center with excellent public transportation. Purchase is in a suburban, almost pastoral, setting with minimal public transportation.

(See State Comptroller's Note 22, Page A-33)
Consonant with part of its mission to train artists in Music, Dance, Theater, and Visual Arts, most of Purchase's academic buildings are highly specialized in design, construction and equipment to perform specific functions. The other academic buildings are packed with classrooms, offices, and administrative services because Purchase never had a proper administration building.

(See State Comptroller's Note 23, Page A-33)
To move Optometry to Purchase would therefore cripple the missions of both institutions, and cost dozens of millions of dollars.

State University College of Optometry

As to the study's cost findings, I have several comments. First, as is the case in any comparative study, one must question the assumptions on which the comparisons are made. Have the appropriate weights been applied that would correct for the high costs associated with doing business (any business) in New York? Has the geographic complexity of SUNY been fully addressed? It's hard to imagine that North Carolina, for example, is truly a "peer" in such a context. Is there any empirical acknowledgment at all of the fact that while SUNY student enrollments have been going up, campus budgets have been going down? Second, should having the lowest costs per student in the country be SUNY's primary goal? While it is imperative to strive for sensible, responsible, and cost-conscious operations, there must be a point at which an organization achieves a cost/benefit equilibrium that is appropriate for itself -- regardless of what is happening elsewhere.

(See State Comptroller's Note 24, Page A-33)

Regarding the specific references to the College of Optometry's high costs and the need to relocate or consolidate with another SUNY campus to lower these costs, I would like to make several comments. First, and I will not dwell on this one, the decade-long failure, given repeated approvals by both the State legislature and the SUNY Trustees, to deal responsibly with the acquisition of the College's building is the very core of our dilemma. As mentioned in the OSC study, Optometry's high cost problem is the result of rent and taxes being part of its operating budget. While the State might be willing to sustain a worthwhile program characterized by understandably high costs, it is likely to object to doing so when these already high costs are made even higher because of unnecessary and unwarranted expense items like rent and taxes.

(See State Comptroller's Note 25, Page A-33)

Second, what makes SUNY's Optometry program nationally prominent and highly sought after is the generally acknowledged fact that SUNY Optometry has the premier clinical base for training optometrists in the country. What would be the clinical base at SUNY Purchase? To achieve its educational mission, the College must not lose its diverse, urban patient population.

Third, within the building at 100 East 24th Street, we now have an extremely valuable installation. Just within the last two years, we have spend $1 million to improve our clinical, research, and media services facilities, and we are now about to commit another $100,000 to the expansion of our library, all of which is in addition to the approximately $20 million fixed installation already in place. Does it make sense to abandon all this?

Fourth, we believe that the cost per student (less the rent and taxes) at Optometry compares favorably with the cost per student at the State's two private and two SUNY dental schools, and while there are four of them, there is only one of us. Given that professional programs have predictably higher costs, does it make sense to gut a unique program that, except for the burden of an expense that should not exist and that has nothing to do with the efficiency of how the program functions, is a vibrant and growing

center of excellence?

Fifth, the subject of Optometry's leaving its current location has been discussed in one form or another for several months; however, in none of these discussions have the legal implications of such a drastic action been considered. What would be the cost to the State of breaking such a lease? If you add the cost of such a legal action, the cost of restoring this building to its ex ante condition (as required in the lease), and the cost of relocating the College to another campus, you will perhaps find that it's not that much more costly to do what should have been done in the first place -- acquire the building.

Maritime College

Contrary to the auditor's figures, over the last six years we have graduated over 150 students per year, about 140 of whom have gone directly into the Maritime Industry, afloat and ashore, or in the armed services. The remainder for the most part go to work in power plants as operating engineers. Incidentally, the Coast Guard gives partial credit toward upgrading Merchant Marine Officer's licenses to those working in power plants, the work being very similar. The auditors apparently focused on May graduation. We also have a January and August graduation as well.

(See State Comptroller's Note 26, Page A-33)

If you analyze the $15,667/FTE, approximately $2,600/FTE is attributable to the support and operation of the Ready Reserve Force Training Ship EMPIRE STATE VI. This $2,600 is supported by the Federal Government, the State and the students. It is not realistic to compare Maritime, a highly specialized and technical school, with any unit in the SUNY system. Our students average about 160 credits for graduation which is considerably more than the Colleges that we were compared against. It is appropriate to compare us with similarly specialized schools. I should point out we annually graduate 6% to 7% of the engineers graduating from the SUNY system. Considering the recent Governor's Conference on Science and Engineering Education, Research and Development, this is significant.

To bring Federally operated similar institutions into the argument is absolutely absurd. The school mentioned in Connecticut is the Coast Guard Academy whose mission is to produce Coast Guard Officers, not licensed officers for the Merchant Marine. They serve the whole country as well. There is absolutely no similarity of mission between the two schools.

The other nearby Federally operated similar institution is the U.S. Merchant Marine Academy. While our missions are similar, admission is by Congressional appointment. It, like the Coast Guard Academy, serves the whole Nation. It should be noted it costs approximately $110,000, or about $27,500 annually, to produce a USMMA graduate.

On the surface it would seem Massachusetts Maritime is similar to New York. There are some similarities but the differences are overwhelming. Massachusetts does not have the

various curricula as we do and their basic engineering curriculum is not accredited by the Accreditation Board for Engineering and Technology. Massachusetts simply does not offer our academic diversity for which we are known world wide. Also Massachusetts' curricula do not satisfy New York State's Professional Engineer requirements.

I should also point out we are the only Maritime Academy in our Nation, Federal or State, that has a Master's Program. It is specifically designed to meet the needs of the Maritime Industry. In addition, we have a very active Continuing Education Program under which we provide the only simulator based facilities training in New York State as well as the Northeast sector of our country. We also are the principal provider of stationary engineering and technician training to the CSEA through its Joint Apprentice Program.
(See State Comptroller's Note 27, Page A-33)
How can we be integrated into another SUNY campus? First of all, we require a pier for our training ship. If we had to leave Fort Schuyler, the deed (enclosed) requires the land revert back to the Federal Government. Docking the ship at a commercial pier would be exorbitant. Three thousand dollars a day is not out of line. Besides the ship, we require access to the water for our training tug, lifeboats (necessary to meet Coast Guard requirements), a steam engine laboratory, a diesel simulator, a radar simulator, etc. In addition, we are located in New York City and are the only SUNY presence in the Bronx. I believe we'd be sorely missed.

New York State is a Maritime State and the need for our graduates is even stronger as the industry faces a decline in manpower. Our high placement, 100% last year two months after graduation, given most graduates remain in the State, provides an immediate return to the State's tax base. I'd venture to say few institutions, public or private, can make that statement. I've enclosed a related point paper which goes into details on this subject. Based on the recruiters who seek our graduates, I believe our students and the State truly get their money's worth. Noting that the Maritime College education is essentially a five year equivalent education and the average starting salary of the Maritime College's graduate is $34,800 with essentially 100% employment two months after graduation, the cost of a Maritime College education is actually a bargain for the State of New York. The high placement record clearly demonstrates the need.

And, in addition to all of the above, Maritime adds diversity to our great State University System.

Capital Facilities and Debt Service

OSC has stated that, **"Heavy and sustained usage of these facilities has required funding for normal maintenance to increase rapidly."**

> It is true the facilities have been, and continue to be, heavily utilized. However, funding and resources made available for maintenance and operations have

decreased. For example, during the period of 1975-76 to 1988-89, State funded maintenance and operations positions have actually decreased 21%. Increases in M & O cost have been attributable to energy.

OSC has stated, **"As of July 31, 1990, the State's aggregate debt service obligations for SUNY's academic buildings and hospitals amounted to $5.4 billion with annual debt service requirements ranging from $104 million to $237 million through May 2017, with a final payment of $4 million in the year 2019."**

Of significance is the implication that the capital program and related debt service cost has not been, or is not beneficial. The capital program supported by bonding provides the campus physical plants which enables the education of vast numbers of students who have, continue and in the future will attend and graduate from the programs that SUNY offers. Without the bonding process, and its attendant debt service, facilities would simply not be available to permit the University to meet its educational, research and public service missions.

Continued bonding will provide fiscal resources necessary to protect and preserve the investment made in existing facilities and support the building of limited high priority additional new facilities.

(See State Comptroller's Note 28, Page A-33)

[PUBLIC LAW 735—81ST CONGRESS]
[CHAPTER 350—2D SESSION]

[H. R. 210]

AN ACT

To authorize the conveyance of a portion of the United States military reservation at Fort Schuyler, New York, to the State of New York for use as a maritime school and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army is authorized to convey to the State of New York all that portion of the United States Military Reservation at Fort Schuyler, New York, together with all improvements thereon, lying easterly of a line commencing at a point (latitude forty degrees forty-eight minutes twenty-three seconds; longitude seventy-three degrees forty-seven minutes fifty-two seconds) fixed on the south sea wall which is approximately twenty-five and five-tenths feet westerly from an angle in said sea wall and thence running in a northeasterly direction five hundred and ninety-two and five-tenths feet, more or less, to a point on the north sea wall which is approximately one hundred and ninety-six and five-tenths feet westerly from an angle in the north sea wall, said line being the easterly edge of a concrete curb for an eighteen-foot concrete road running in a northeasterly and southwesterly direction, together with such easements for highway or other purposes, over that portion of such reservation which is not herein authorized to be conveyed to the State of New York, as may be necessary for the proper use and enjoyment of the portion so conveyed and as may be determined by agreement between the Secretary of the Navy and the appropriate officials of the State of New York.

SEC. 2. Such conveyance shall contain the express provision that if the State of New York shall fail to maintain so much of the military structures and appurtenances presently erected, which formerly constituted the old fort, as a historical monument reasonably available to the public, and if the State of New York shall at any time cease to use the property so conveyed as a maritime school, devoted exclusively to purposes of nautical education, title thereto shall revert to the United States.

SEC. 3. Such conveyance shall contain the further provision that whenever the Congress of the United States shall declare a state of war or other national emergency to exist, upon determination by the Secretary of the Army or the Secretary of the Navy that the property so conveyed is useful or necessary for military or naval purposes or in the interest of national defense, the United States shall have the right to reenter upon such property and use the same or any part thereof for the duration of such state of war or other national emergency.

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WHY DOES NEW YORK STATE SUPPORT A MARITIME COLLEGE?

SUNY Maritime College is the oldest Maritime Academy in the nation graduating over 10,000 licensed officers since its founding in 1874. Many have attained the rank of Rear Admiral in the U.S. Navy, many have been or are owners of shipping/tug companies.

New York State, the premier maritime state in the union, has three deep water ports: New York, Albany and Buffalo area. It has an inland waterway system and is a Great Lakes state. This is recognized in the state flag which depicts a harbor with ships in it.

New York City is the hailing port for over 50% of the U.S. flag merchant ships and 25% of this nation's tug and barge industry emanates from New York City.

New York City is the recognized hub of the world's, not just our nation's, Merchant Marine. Seventeen Battery Place and the World Trade Center are to the world's maritime industry as Wall Street is to the financial world. Practically every world/national maritime related industry, shipbuilding, shipping, freight forwarding, marine insurance company, etc., has an office in and around New York City.

Approximately 94,000 people are employed in New York State in maritime and maritime related industries. When the Port of New York-New Jersey figures are considered, the figure is above 200,000. There are approximately 140,000 personnel directly involved in The Port of New York-New Jersey with wages and salaries in 1990 dollars of over $5 billion.

NEED FOR GRADUATES

Aside from the Persian Gulf War, the need for graduates is stronger now than it has been since the Viet Nam War. Due to the industry slump of the early 1980's, mariners having gone ashore have little desire to return to sea, the large World War II manning contingent is retiring and New York maritime's well educated graduates in diverse maritime related fields fit into the new maritime industry age of technology. We cannot fill all the placement requests we have been receiving.

By 1992, there will be a shortage of over 6,000 mariners and by the year 2000 over 12,000 mariners to meet our nation's ability just to man merchant ships in a national emergency. The Navy's Merchant Marine Manpower Study dated 2 July 1986, the GAO Navy Sealift Study dated 18 August 1986, the President's Commission on Merchant Marine and Defense First Report dated 30 September 1987, and a recent Transportation Institute Study all confirm the projected shortage of mariners.

BEST COPY AVAILABLE

Comparison of Actual SUNY State-operated FY 1988-89 Expenditures per FTE Student With Modelled Estimates of the System Based on National Cost Patterns

INSTITUTION/ SECTOR MODEL	SUNY FTE Modelled	Total E&G Expend. per FTE Student	Difference from SUNY Actual
Actual SUNY St-op (excl. Statutory)	158,860	$10,961	---
1 All National (public & private)	158,860	$12,033	$1,072
2 National Public	155,622 [a]	$11,248	$287
3 National Private	137,490 [b]	$22,505	$11,544
4 New York Private (FY 1987-88)	137,490 [b]	$21,559	$10,598
5 All Peer (public & private)	158,860	$12,770	$1,809
6 Public Peer	155,622 [a]	$12,582	$1,621
7 All Public in Peer States	155,622 [a]	$11,646	$685

a Excludes Optometry since there are no other public freestanding colleges of optometry. Also excludes College at Purchase since there are no other public freestanding colleges in the Arts.

b Excludes the Colleges of Technology/Agriculture and Maritime which have no comparable institutions in this sector.

1 All National - All American public and private institutions.

2 National Public - All public institutions.

3 National Private - All private institutions.

4 New York Private - Private institutions located in New York State.

5 Peer Institutions - All public or private institutions that meet the criteria defining comparable institutions.

6 Public Peer - The subset of 'Peer Institutions' that is also public.

7 All Public in a Peer State - All public institutions in the 17 states that were selected as being comparable to New York.

NOTE: Excludes costs of Central Administration and University-Wide programs since comparable cost information for system offices and coordinating boards is not uniformly available nationally.

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SR-153
REVENUE3

CENTRAL ADMINISTRATION OFFICE OF
INSTITUTIONAL RESEARCH
STATE UNIVERSITY OF NEW YORK
MARCH 19, 1991

DIFFERENCE BETWEEN SUNY ACTUAL AND MODELED SUNY STAFF BY TYPE OF POSITION MODELING BASED ON THE STUDENT/STAFF RATIOS OF RESPONDING PUBLIC INSTITUTIONS IN PEER STATES BY NCES CATEGORY, FALL 1989

INSTITUTION	TOTAL STAFF	PROFESSIONAL STAFF				NON-PROFESSIONAL STAFF				
		TOTAL PROF.	EXEC./ ADMIN.	PROF. NON-FAC.	FACULTY	TOTAL NON-PROF.	TECH PARA-PROF.	SECR./ CLERICAL	SKILLED CRAFT	SERVICE/ MAINT.
SUNY STATE-OPERATED										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATE	**2,267**	**1,925**	**38**	**1,191**	**696**	**343**	**815**	**1,315**	**(854)**	**(934)**
AO1										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	1,208	534	48	323	163	674	187	450	(42)	80
AO2 (WITHOUT HOSPITALS)										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	1,053	501	122	475	(97)	552	200	255	6	91
AO2 (WITH HOSPITALS)										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	7	154	(19)	153	21	(148)	(43)	249	(173)	(181)
BO1 (EXCL. ESF)										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	(137)	315	48	226	40	(452)	337	63	(356)	(497)
CO1 (OLD WEST./ESC)										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	469	244	25	108	110	225	51	50	20	105
CO1 (MARITIME)										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	(66)	(30)	(8)	(14)	(9)	(37)	–	(14)	2	(25)
DO2										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	(343)	(64)	(145)	41	40	(278)	38	259	(190)	(385)
EO1										
DIFF BETWEEN SUNY AND:										
PUBLIC IN PEER STATES	78	271	(35)	(121)	426	(193)	47	3	(121)	(121)

SOURCE: EEO-6 EMPLOYEE COMPLIANCE REPORTS SOLICITED BY THE OFFICE OF THE STATE COMPTROLLER FROM PUBLIC INSTITUTIONS IN THE PEER STATES

EXCLUDES THE COLLEGE OF OPTOMETRY, THE COLLEGE OF ENVIRONMENTAL SCIENCE & FORESTRY AND THE COLLEGE AT PURCHASE WHICH HAVE NO PUBLIC FREE STANDING PEER INSTITUTIONS. PEERS EXIST IN THE PRIVATE SECTOR OR AMONG SCHOOLS OF LARGER UNIVERSITIES.

NOTE: A POSITIVE NUMBER INDICATES THE ADDITIONAL POSITIONS SUNY WOULD HAVE IF IT WERE STAFFED AT THE LEVEL OF THE PUBLIC INSTITUTIONS IN THESE PEER STATES.

91/259 (SUPERSEDES 91/253)
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SR-165
STDSTAFF2

CENTRAL ADMINISTRATION OFFICE OF
INSTITUTIONAL RESEARCH
STATE UNIVERSITY OF NEW YORK
MARCH 21, 1991

EXPENDITURE BY FUNCTION AND MODELED EXPENDITURES FOR SUNY INSTITUTIONS
MODELING BASED ON THE FINANCIAL CHARACTERISTICS OF VARIOUS INSTITUTIONAL GROUPINGS
ACTUAL AND MODELED DOLLARS PER FTE AND DOLLARS IN MILLIONS, FY 88-89

SUNY STATE OPERATED

INSTITUTION TYPE	NONMAND. TRANSFERS		TOTAL E + G EXCL.MAND.TR.		MANDATORY TRANSFERS		TOTAL E + G INCL.MAND.TR.		AUXILIARY ENTERPRISES		HOSPITALS		INDEPENDENT OPERATIONS		TOTAL CURRENT FUND EXPEND. + MAND.TRANS.	
	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL
S U N Y ACTUAL	28	4	10961	1741	961	153	11922	1894	1575	250	3138	498	-	-	16635	2643
(MODEL) ALL NATIONAL	238	38	12033	1912	192	30	12225	1942	1593	253	1843	293	173	27	15833	2515
DIFF. FROM SUNY ACTUAL	210	33	1072	170	-770	-122	303	48	18	3	-1295	-206	173	27	-802	-127
(MODEL) NATIONAL PUBLIC	193	30	11248	1750	125	19	11373	1770	1436	224	1753	273	55	9	14618	2275
DIFF. FROM SUNY ACTUAL	165	26	287	45	-836	-130	-549	-85	-139	-22	-1385	-216	55	9	-2017	-314
(MODEL) NATIONAL PRIVATE	760	105	22505	3094	306	42	22811	3136	2622	361	1516	208	1263	174	28212	3879
DIFF. FROM SUNY ACTUAL	732	101	11545	1587	-656	-90	10889	1497	1047	144	-1622	-223	1263	174	11576	1592
(MODEL) NEW YORK PRIVATE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIFF. FROM SUNY ACTUAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(MODEL) ALL PEER	219	35	12770	2029	164	26	12934	2055	1589	252	1633	259	43	7	16199	2573
DIFF. FROM SUNY ACTUAL	190	30	1809	287	-797	-127	1011	161	14	2	-1504	-239	43	7	-437	-69
(MODEL) PUBLIC PEER	193	30	12582	1958	150	23	12733	1981	1519	236	1667	259	41	6	15960	2484
DIFF. FROM SUNY ACTUAL	165	26	1622	252	-811	-126	810	126	-56	-9	-1470	-229	41	6	-675	-105

FTE METHODOLOGY: FTE = (FULL-TIME HEADCOUNT) + 1/3 (PART-TIME HEADCOUNT)

EXPENDITURE BY FUNCTION AND MODELED EXPENDITURES FOR SUNY INSTITUTIONS
MODELING BASED ON THE FINANCIAL CHARACTERISTICS OF VARIOUS INSTITUTIONAL GROUPINGS
ACTUAL AND MODELED DOLLARS PER FTE AND DOLLARS IN MILLIONS, FY 88-89

SUNY STATE OPERATED

INSTITUTION TYPE	INSTRUCTION		RESEARCH		PUBLIC SERVICE		ACADEMIC SUPPORT		STUDENT SERVICES		INSTITUTIONAL SUPPORT		OPER./MAINT OF PLANT		SCHOLARSHIP/ FELLOWSHIPS	
	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL	PER FTE	$AMT MILL
S U N Y ACTUAL	4797	762	941	150	166	26	871	138	499	79	1464	233	1324	210	870	138
(MODEL) ALL NATIONAL	4693	746	1608	256	598	95	1103	175	604	96	1241	197	1037	165	910	145
DIFF. FROM SUNY ACTUAL	-104	-17	667	106	433	69	232	37	105	17	-223	-35	-287	-46	40	6
(MODEL) NATIONAL PUBLIC	4522	704	1582	246	594	92	1071	167	538	84	1062	165	967	151	719	112
DIFF. FROM SUNY ACTUAL	-275	-43	640	100	428	67	201	31	38	6	-402	-63	-357	-56	-151	-23
(MODEL) NATIONAL PRIVATE	6904	949	3771	519	2297	316	1602	220	1017	140	2581	355	1531	211	2041	281
DIFF. FROM SUNY ACTUAL	2106	290	2830	389	2132	293	731	101	518	71	1117	154	207	28	1171	161
(MODEL) NEW YORK PRIVATE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIFF. FROM SUNY ACTUAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(MODEL) ALL PEER	5266	837	1878	298	573	91	1078	171	613	97	1284	204	1085	172	772	123
DIFF. FROM SUNY ACTUAL	469	75	937	149	408	65	207	33	114	18	-180	-29	-239	-38	-98	-16
(MODEL) PUBLIC PEER	5235	815	1908	297	584	91	1066	166	584	91	1235	192	1065	166	711	111
DIFF. FROM SUNY ACTUAL	438	68	967	151	419	65	196	30	84	13	-229	-36	-259	-40	-159	-25

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FTE METHODOLOGY: FTE = (FULL-TIME HEADCOUNT) + 1/3 (PART-TIME HEADCOUNT)

EDUCATIONAL AND GENERAL COSTS PER F.T.E. STUDENT
STATE-OPERATED INSTITUTIONS OF THE STATE UNIVERSITY OF NEW YORK
COMPARED TO MEDIANS OF PEER STATES USING OSC COST STUDY METHODOLOGY

TYPE OF SCHOOL	SUNY SCHOOLS OF THIS TYPE	F.T.E	AVERAGE SUNY COST	COST AT MEDIAN PEER STATE	DIFFERENCE	F.T.E. x DIFF. (EXCLUDING H.S.C)	F.T.E. x DIFF. (INCLUDING H.S.C)
DOCTORAL, NO MED. SCHOOL	ALBANY BINGHAMTON	24,561	$8,506	$8,970	($464)	($11,396,304)	($11,396,304)
DOCTORAL, MEDICAL SCHOOL, NO HOSP	BUFFALO	22,562	$11,667	$11,120	$547	$12,341,414	$12,341,414
DOCTORAL, MEDICAL SCHOOL, HOSPITAL	STONY BROOK	13,967	$15,596	$13,076	$2,520	$35,196,840	$35,196,840
HEALTH SCIENCE	SYRACUSE BROOKLYN	2,432	$44,461	$72,016	($27,555)	EXCLUDED	($67,013,760)
FOUR-YEARS, WITH MASTERS	12 COLLEGES	63,849	$6,578	$6,381	$197	$12,578,253	$12,578,253
FOUR-YEARS, NO MASTERS	3 COLLEGES	9,848	$7,951	$6,360	$1,591	$15,668,168	$15,668,168
TWO-YEARS	6 AGRICULTURE & TECHNICAL COLLS	20,614	$6,403	$4,640	$1,763	$36,342,482	$36,342,482
TOTAL						$100,730,853	$33,717,093

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CENTRAL ADMINISTRATION OFFICE OF
INSTITUTIONAL RESEARCH
STATE UNIVERSITY OF NEW YORK
MARCH 13, 1991

TOTAL EDUCATIONAL & GENERAL EXPENDITURES PER STUDENT EXCLUDING TRANSFERS, FEDERAL AND PRIVATE GRANTS, CONTRACTS AND GIFTS (OSC COST STUDY PER STUDENT COST CONCEPT, BUT USING MEDIANS CONSISTENTLY THROUGHOUT THE ANALYSIS)

TYPE	SUNY INSTITUTIONS	FTE ENROLLMENT	E & G COST PER FTE INSTITUTIONAL MEDIANS		DIFFERENCE	TOTAL DIFFERENCE
			SUNY	INSTITUTIONS IN PEER STATES		
DOCTORAL, NO MEDICAL SCHOOL	ALBANY BINGHAMTON	24,561	$8,448	$8,459	($11)	($270,171)
DOCTORAL, MEDICAL SCHOOL, NO HOSPITAL	BFLO. CENTER	22,562	$11,667	$11,199	$468	$10,559,016
DOCTORAL, MEDICAL SCHOOL, HOSPITAL	STONY BROOK	13,967	$15,596	$13,553	$2,043	$28,534,581
HEALTH SCIENCES CENTERS	BROOKLYN SYRACUSE	2,432	$43,973	$74,436	($30,463)	($74,086,016)
FOUR YEAR WITH MASTERS	11 UNIVERSITY COLLS.+ESF	63,849	$6,301	$6,270	$31	$1,979,319
* EXCLUDING FORESTRY	11 U. COLLS.	62,291	$6,193	$6,253	($60)	($3,737,460)
FOUR YEAR, FEW MASTERS, IF ANY	ESC OLD WESTB. PURCHASE	9,848	$7,726	$6,133	$1,593	$15,687,864
TWO YEAR	6 TECH/AGS.	20,614	$6,503	$5,402	$1,101	$22,696,014
TOTAL INCL. ESF						$5,100,607
TOTAL EXCL. ESF						($616,172)

* ESF IS A DOCTORAL RESEARCH INSTITUTION AND SHOULD NOT BE INCLUDED WITH THE UNIV. COLLS.

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CENTRAL ADMINISTRATION OFFICE OF
INSTITUTIONAL RESEARCH
STATE UNIVERSITY OF NEW YORK
MARCH 28, 1991

COMPARISON OF TOTAL EDUCATIONAL AND GENERAL EXPENDITURES[a] PER F.T.E.
STATE UNIVERSITY OF NEW YORK STATE-OPERATED INSTITUTIONS
WITH NATIONAL, PEER, AND NYS PRIVATE INSTITUTION AVERAGES, FY 1988-89 (PRELIMINARY DATA)

INSTITUTION	TOTAL E&G EXPENDITURES PER F. T. E.							
	SUNY	ALL NATIONAL	NATIONAL PUBLIC	NATIONAL PRIVATE	NEW YORK STATE PRIVATE (FY 87-88)	ALL PEER	PUBLIC PEER	PUBLIC IN PEER STATE
STATE-OPERATED INST.(EXCL. STATUTORY)	$10,961	$12,033	$11,248	$22,505	$21,559	$12,770	$12,582	$11,646
AO1 (DOCT. INST. NO MED. SCHOOL.)	$10,543	$12,394	$10,867	$24,442	$16,131	$14,622	$14,391	$11,308
AO2 (DOCT. WITH MED.) W/O HOSP.	$14,173	$14,799	$14,395	$20,437	$43,371	$15,255	$15,255	$14,750
AO2 (DOCT. WITH MED.) WITH HOSP.	$19,532	$21,617	$21,313	$25,192	$28,145	$21,150	$21,150	$21,236
BO1 (UG AND GRAD BUT FEW DOCT.	$7,640	$7,549	$7,032	$10,452	$10,746	$7,426	$7,315	$7,123
BO1 W/O ENV. SCI. & FORESTRY)	$7,293	$7,533	$7,032	$10,452	$10,746	$7,426	$7,315	$7,123
CO1 (OLD WEST./ESC)	$7,393	$8,879	$6,773	$9,824	$8,801	$8,620	$8,620	$8,522
CO1 (PURCHASE)	$10,273	$14,092	--	$14,670	$13,962	$17,799	--	--
CO1 (MARITIME)	$16,343	$18,752	$19,682	--	--	$15,784	$15,784	$15,133
DO2 (FREE STANDING MEDICAL COLLS.)	$59,260	$99,681	$92,559	$369,976	$166,795	$117,279	$117,279	$104,532
DO3 - c	$44,001	$11,104	--	$10,131	$11,355	$17,909	--	--
EO1 (TECHNICAL) - b	$7,380	$6,153	$6,089	--	--	$6,867	$6,867	$6,118

[a] EXCLUDES MANDATORY TRANSFERS, AUXILIARY ENTERPRISES, HOSPITALS AND INDEPENDENT OPERATIONS.

[b] EO1 TECHNICAL INCLUDES ONLY THOSE (PREDOMINANTLY TWO YEAR INSTITUTIONS) WHICH GRANT AT LEAST 40% OF THEIR DEGREES IN AT LEAST THREE OF THE FOUR TECHNICAL AREAS OF AGRICULTURE, ENGINEERING, HEALTH, OR TRADES AND INDUSTRY. FOR "PEER" COLUMNS THE ADDITIONAL CRITERIA IS THAT AT LEAST 70% OF FACULTY ARE FULL-TIME.

[c] THE DO3 CATEGORY INCLUDES ALL FREE STANDING "OTHER HEALTH SCIENCES" INSTITUTIONS, NOT JUST OPTOMETRY, BUT THE PEER COLUMN IS RESTRICTED TO OPTOMETRIC INSTITUTIONS. THERE ARE NO OTHER FREE STANDING PUBLIC COLLEGES OF OPTOMETRY. FOR THE SUNY COLLEGE OF OPTOMETRY ABOUT 1/3 OF THESE COSTS ARE FOR MAINTENANCE & OPERATION OF PLANT, INCLUDING RENTAL OF FACILITIES.

SOURCE: FINANCIAL STATISTICS OF INSTITUTIONS OF HIGHER EDUCATION, FY 1988-89, NCES, U.S. DEPT. OF EDUCATION

91/248 SUPERSEDES 91/245
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CENTRAL ADMINISTRATION OFFICE OF
INSTITUTIONAL RESEARCH
STATE UNIVERSITY OF NEW YORK
MARCH 18, 1991

State Comptroller's Notes To Agency Response

1. We did not selectively include or exclude any data to the disadvantage of SUNY in the course of our analysis, as SUNY contends. The staffing information SUNY refers to was excluded from our study because we were unable to obtain staffing information from many of the institutions and the information that was obtained did not lend itself to meaningful cost comparisons. For example, a maintenance employee with an annual salary of $20,000 and a senior administrator whose salary is $75,000 per year are both considered to be one employee, even though their respective costs to the institution vary greatly. Without regard to the mix of employees and total salary costs, the comparisons of overall staffing ratios can be very misleading. Also we do not accept SUNY's conclusion, based on incomplete data, that its staffing is 2,000 positions leaner than the peer institutions.

2. SUNY's analyses of costs include expenditures from external research funding and therefore we believe improperly show SUNY in a favored light. The peer state institutions obtained significantly greater amounts of external research funding than SUNY. Institutions who have successfully competed for external grant funding will have higher costs in comparison to those institutions who are less successful. As such, SUNY's claim that it is less costly than its peers is misleading because it is based largely on SUNY's inability to attract the levels of external funding which the peers have obtained. We excluded external research funding from all peer institutions and SUNY to ensure comparability and to focus on those costs supported by State taxpayers and tuition payers. We believe that SUNY would have excluded external funding, as we did, if it was the recipient of relatively large external grant funding.

In addition, SUNY's model aggregates the costs of each individual state into a single cost figure for each institutional class, thus overlooking the wide ranges in unit costs among the various states. We believe this is inappropriate since college cost management takes place at the State level.

3. We believe that our comparison of Institutional Support Service Costs (ISS) is valid. NCES (National Center for Educational Statistics) provided the institutions with specific component cost definitions. Each responding institution followed the same set of instructions. Moreover, SUNY's ISS costs significantly exceeded those of the peer state institutions, in come cases by margins of up to 75 percent, warranting management review. Also, contrary to SUNY's implication, ISS constitutes a major portion of E and G costs.

4. We used the institutional categories established by the NCES, which group colleges according to the criteria cited by SUNY.

5. SUNY's statement that our "...conclusions were already drawn at the outset of the study" is totally false and without basis. We can only conclude that SUNY's comment is an attempt to obscure the issues raised in our study.

6. We agree that external grant funding benefits the recipient institutions' academic programs. However, we believe that the extent of such external funding should not impact on relative cost effectiveness as explained in note 2. We therefore stand by our approach to exclude expenditures from external grant funding from cost comparisons in our study.

7. The Albany example given by SUNY is illogical. If Albany receives a relatively significant amount of research dollars, our cost analysis, which excluded research dollars, did not disadvantage Albany as SUNY implies, but rather placed Albany in a favorable light.

8. This comment is misleading. The double reporting of Tuition Assistance Program monies relates to revenues; it does not mean that SUNY's costs were overstated and therefore had no effect on our expenditure comparisons.

9. In two instances, we compared single SUNY institutions with a group of similar institutions from a peer state because there was only one SUNY institution in those two NCES classes to be compared. Buffalo Center and Stony Brook are the only SUNY institutions in their respective NCES classes. At the doctoral level, many states have only one institution in a particular NCES class. Where SUNY or other states had more than one campus in an NCES category, we analyzed these campuses as a group. SUNY's comment that this methodology improperly compresses the variability of the values of actual institutions is perplexing since SUNY in their analyses of costs compresses institutions to a greater extent than us, in arriving at numbers for their national models.

10. SUNY correctly notes that we excluded health science centers from our analysis. However, as explained on page 10 of our study report, we did so because the centers provide programs in a wide variety of medical specialties to a mix of undergraduate and graduate students, resulting in a wide range of costs per FTE student ($28,062 to $186,039). We therefore concluded that these costs were not comparable. Furthermore, from a sound management standpoint it would make sense to focus on those institutions with the relatively high costs.

11. The majority of the difference in results of SUNY's cost comparison and our cost comparison is attributable to SUNY's inclusion of health science centers. We excluded this category from our study for reasons discussed in note 10.

12. The "institutional cluster" SUNY refers to avoids the fact that there were wide ranges in unit costs among the peer states. We believe that it is beneficial to identify states known to provide high quality programs which have both high and low units costs for comparative purposes. As noted on page 11 of our report, Ohio and Iowa operated the most cost-effective programs in the NCES class discussed. Yet these states' institutions met the membership requirements of the Association of American Universities, an association of the most highly regarded post-secondary institutions in the United States and Canada.

13. Our ratios excluded externally funded research programs and other costs, as indicated on page 7 of the study report and therefore, differed from SUNY financial statements. This was explained to SUNY officials during the study.

14. This matter has been deleted from the study report.

15. SUNY's response does not distinguish between the unit costs of the academic programs at its health science centers (which we excluded from our study) and the profitability of the hospital operations at its health science centers (which we included in our study). During the course of our review, we explained the differences and the basis for exclusion/inclusion to SUNY officials on several occasions. However, SUNY officials have chosen to ignore this and incorrectly contend that we have been inconsistent in our analysis.

16. This is exactly our point. SUNY should try to relocate or "embed" costly programs at other SUNY campuses to achieve economies of scale. If cost prohibitive programs cannot be relocated, policy makers should consider alternatives such as more closely relating tuition to cost or possibly terminating the program.

17. SUNY's comment is particularly ironic since SUNY in its own cost study on "Fiscal Effectiveness" issued in March 1989, indicated that ESF was included in the category of 4-year colleges. Also, NCES classified ESF in the 4-year college category. Furthermore, SUNY officials' implication that ESF is more like a university center is also misleading. We believe the program at ESF is too narrow in nature to be compared with any university center. However, even if it were compared to university centers, such comparison would not be favorable; for example, the unit costs of ESF ($22,743) were nearly 2.7 times the costs of SUNY's Albany and Binghamton Centers ($8,506).

18. This data was obtained from the financial reports which SUNY prepared and submitted to NCES.

19. The consolidation of ESF would not necessarily require the abandonment of the cited programs.

20. We question whether SUNY has performed any indepth analysis to support these contentions.

21. The source of this statement is SUNY Central's Associate Vice Chancellor for Institutional Research. On November 19, 1990 the Associate Vice Chancellor stated with regard to Purchase: "...the 1994 data includes a projected enrollment decrease and indicates an underutilized total of approximately 40,000 net square feet."

22. Contrary to SUNY's contention, we are aware of the missions of Purchase and Optometry. We believe SUNY's comments ignore the need to consider potential cost savings in times of fiscal constraint.

23. The implication that Purchase's programs are incompatible with other campus facilities is invalid. Many campuses within SUNY and other public university systems have wide-range, multipurpose programs which include both art and health disciplines.

24. Our study pointed out that Optometry's high cost per student ($37,820) was heavily influenced by high facility rental cost. We did not compare Optometry's cost to any other institution within SUNY or within any other state. Furthermore, nowhere in our study did we state that SUNY should have "...the lowest costs per student in the country..."

25. We question why there has been a "decade-long failure" by SUNY "given repeated approvals by both the State Legislature and the SUNY Trustees, to deal responsibly with the acquisition of the College's building...".

26. According to statistics provided by SUNY, approximately 100 graduates (about 70 percent of total Maritime graduates) go directly into the Maritime industry annually.

27. Despite SUNY's claims, the major thrust of the various Maritime schools is to enable graduates to manage the affairs of ships at sea. We believe this constitutes a considerable similarity in mission among the institutions noted in our report and that SUNY overstates the effect of the program differences among these institutions.

28. We have not stated nor in anyway implied judgment about the beneficial nature of SUNY's capital program.